

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

| | | | |
|---|---------------------------------|--|--------------------------|
| Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other | | Local Government Name VANDERCOOK LAKE PUBLIC SCHOOLS | County JACKSON |
| Audit Date 6/30/05 | Opinion Date 10/31/05 | Date Accountant Report Submitted to State: 1/25/06 | |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

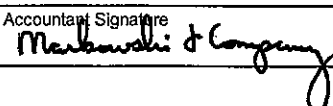
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

| | Enclosed | To Be Forwarded | Not Required |
|---|----------|-----------------|--------------|
| The letter of comments and recommendations. | ✓ | | |
| Reports on individual federal financial assistance programs (program audits). | | | ✓ |
| Single Audit Reports (ASLGU). | ✓ | | |

| | | | |
|---|------------------------|--------------------|---------------------|
| Certified Public Accountant (Firm Name) MARKOWSKI & COMPANY CPAs | | | |
| Street Address 2880 SPRING ARBOR RD | City JACKSON | State MI | ZIP 49203 |
| Accountant Signature  | | Date | |

VANDERCOOK LAKE PUBLIC SCHOOLS

REPORT ON FINANCIAL STATEMENTS
(With required supplementary and additional information)

JUNE 30, 2005

VANDERCOOK LAKE PUBLIC SCHOOLS

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INDEPENDENT AUDITOR'S REPORT

MARKOWSKI & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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MEMBERS:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

ESTATE PLANNING COUNCIL OF
SOUTH CENTRAL MICHIGAN

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Vandercook Lake Public Schools** (the District), as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

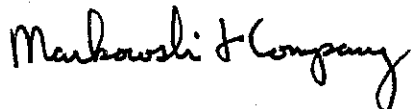
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Vandercook Lake Public Schools as of June 30, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2005 on our consideration of Vandercook Lake Public Schools' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information presented on pages 3 through 9 and page 31 are not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise Vandercook Lake Public School's basic financial statements. The accompanying other additional information is presented for the purpose of additional analysis and is not a required part of the financial statements of the District. This additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



MARKOWSKI & COMPANY CPAs
October 31, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

VANDERCOOK LAKE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Vandercook Lake Public Schools, a K-12 school district located in Jackson County, Michigan, is proud to present these financial statements prepared in accordance with the provisions of Government Accounting Standards Board (GASB) Statement 34 with the enclosed financial statements. This section, Management's Discussion and Analysis, a requirement of GASB Statement 34, is intended to be the Vandercook Lake Public School's discussion and analysis of the financial results of the year ended June 30, 2005. It should be read in conjunction with the District's basic financial statements, which begin on page 10.

USING THIS ANNUAL REPORT

Generally accepted accounting principles (GAAP) according to GASB 34 require the reporting of two types of financial statements: District Wide Financial Statements and Fund Financial Statements.

District Wide Financial Statements:

The District Wide financial statements attempt to answer the question "Are today's taxpayers paying for current services, or are these costs being passed off to future taxpayers?" The District Wide financial statements are full accrual basis statements. They report all of the District's assets and liabilities, both short and long term, regardless if they are "currently available" or not. All of the current year's revenues and expenses are reported regardless of when cash is received or paid. Capital assets and long term obligations of the District are reported in the Statement of Net Assets of the District wide financial statements.

The district wide financial statements are designed to assist in analyzing whether the current recipients of services are paying the true cost of these services, or if the burden is being shifted to future taxpayers. A positive amount of net assets indicates that these costs are being paid for currently. Over time, increases or decreases in the District's net assets are an indicator of whether the District's long term financial health is improving or declining.

Fund Financial Statements:

The Fund Financial statements, or traditional statements, attempt to answer the question "What did the District do with the money it received this year?" The fund level financial statements are presented on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The fund financial statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual". In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including: Special Revenue (School Service) Funds - Athletics Fund and the Food Service Fund, the Debt Service Fund, and Capital Projects Fund. The District reports assets it is holding on behalf of others in its Student Activities Fiduciary Fund.

VANDERCOOK LAKE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

The fund financial statements focus on the how the District used the resources available to it during the current year. Purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long term obligations are recorded as expenditures. Future years' debt obligations are not recorded.

FINANCIAL POSITION – THE DISTRICT AS A WHOLE

The following summarizes the District's net assets at fiscal year end June 30, 2005 and 2004:

Net Assets Summary:

| | June 30, 2005 | June 30, 2004 |
|---|--------------------------|------------------|
| Assets: | | |
| Current assets | \$ 3,054,622 | \$ 3,342,923 |
| Capital assets | 12,114,378 | 11,948,960 |
| Less: Accumulated depreciation | (4,642,558) | (4,217,330) |
| Net capital assets | 7,471,820 | 7,731,630 |
| Other noncurrent assets | 475,351 | 88,614 |
| Total noncurrent assets | 7,947,171 | 7,820,244 |
| Total assets | \$ 11,001,793 | \$ 11,163,167 |
| Liabilities: | | |
| Current liabilities | \$ 1,754,157 | \$ 1,609,074 |
| Long term liabilities | 4,822,595 | 5,114,564 |
| Total liabilities | 6,576,752 | 6,723,638 |
| Net Assets: | | |
| Invested in capital assets, net of related debt | 2,382,262 | 2,227,994 |
| Restricted for debt service | 59,314 | 331,054 |
| Unrestricted | 1,983,465 | 1,880,481 |
| Total net assets | 4,425,041 | 4,439,529 |
| Total liabilities and net assets | \$ 11,001,793 | \$ 11,163,167 |

VANDERCOOK LAKE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Changes in District net assets for the past two years are summarized below:

| | Year Ending June 30, 2005 | Year Ending June 30, 2004 |
|--|--------------------------------------|--------------------------------------|
| Revenue: | | |
| Program Revenue: | | |
| Charges for services | \$ 363,715 | \$ 322,693 |
| Operating grants/categorical state aid | 1,221,696 | 1,356,052 |
| General Revenue: | | |
| Property taxes | 965,766 | 917,183 |
| State aid - Unrestricted | 8,340,366 | 7,910,136 |
| Interest and investment earnings | 27,117 | 12,340 |
| Other | 77,077 | 52,298 |
| Total revenue | <u>10,995,737</u> | <u>10,570,702</u> |
| Function/Program Expenses: | | |
| Instruction and instructional support | 8,215,424 | 7,785,633 |
| Support services | 1,631,698 | 1,514,056 |
| Community Services | 83,845 | 76,178 |
| Athletics | 236,991 | 231,210 |
| Food Service | 421,814 | 418,355 |
| Interest on long term debt | 156,684 | 295,157 |
| Depreciation (Unallocated) | 263,769 | 275,405 |
| Total expenses | <u>11,010,225</u> | <u>10,595,994</u> |
| Increase in Net Assets | <u>\$ (14,488)</u> | <u>\$ (25,292)</u> |

Analysis of Financial Position:

An increase in the number of students has resulted in increased state funding for the District. This has helped the District cope with reductions in grant funds available for programs. Of course, along with an increase in students, the program costs increased as well. As the above table presents, most of the increased costs are in the instruction area, as efforts have been made to keep overhead as low as possible. Interest costs were also reduced by taking advantage of lower rates and refunding our 1997 bonds.

During the fiscal year ended June 30, 2005, the District's net assets decreased by \$14,488. With District expenses using the full accrual method totaling \$11 million annually, this is a break even year for all intents and purposes.

The answer to the question regarding whether or not current taxpayers are paying for current services is a definite yes in the Vandercook Lake Public Schools.

The reasons for the decrease in net assets are discussed below:

**VANDERCOOK LAKE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Analysis of Financial Position: (Continued)

1. General District Activities

For the general operations of the District (Instructional and instructional support, other support activities such as transportation and plant maintenance, athletics, and food service), the District ended the year with a \$343,000 decrease in net assets. This is after depreciation expense of \$425,000 is charged to operating expenses, but excludes items such as capital assets purchased with operating funds (\$36,000) and principal payments on bus loans paid with operating funds (\$64,900) which are expensed under the traditional reporting model.

2. Debt Service Activity

Because the District wide statements report principal repayments as a reduction of the liability rather than an expense, the debt service fund ended with a surplus of approximately \$279,000. Current tax levies are sufficient to retire both principal and interest when due.

3. Capital Projects Activity

Capital asset acquisitions are not considered an expense in the District wide financial statements. During its 2005 fiscal year, the District spent \$122,000 on small purchases and nonrecurring repairs. With that adjustment, this fund actually contributed a \$39,000 increase in net assets.

As reported in the Statement of Activities, the cost of all governmental activities this year was \$11 million. Certain activities were partially funded by those benefiting from the programs (\$363,000) or by other governments and organizations that provided grants and categorical payments (\$1.2 million). The remaining costs of the District, \$9.4 million, were paid for with taxes of \$965,000, general state aid of \$8.3 million, and other revenues of \$104,000.

FINANCIAL POSITION – FUND FINANCIAL STATEMENTS

As noted earlier, the District uses funds to help it control and manage money for particular purposes. A review of the fund financial statements helps consider whether the District is being accountable for the resources taxpayers and others provide to it, and also provide insight into the District's overall financial health.

The governmental funds reported a \$349,000 decrease in combined fund balance during the year ended June 30, 2005. \$271,000 of this decrease occurred in the Debt Service Fund. To minimize the amount borrowed in the bond refunding, cash reserves from prior years were used to pay off the existing debt.

The Building & Site Fund also spent \$83,000 more than current revenues, as the 2004 transfer from the General Fund was spent on major roof repairs and the acquisition of land to provide alternate access to the transportation garage.

VANDERCOOK LAKE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

GENERAL FUND BUDGETARY HIGHLIGHTS

The District adopts its original budget in June, prior to the start of the fiscal year. This budget requires amendments due to the timing of its preparation in relation to knowledge surrounding revenue sources which will be available to the District.

The original budget is prepared using certain assumptions regarding student counts, which have a major impact on available revenues. The District's general state aid is computed using a \$6,700 per student foundation allowance (reduced by per student tax revenues generated locally). The number of students the state uses for aid purposes are based on 25% of the February student count from the previous fiscal year and 75% of the student count taken in September of the current fiscal year. The September student count information is obviously not available when preparing the original budget.

With that in mind, the changes to the original General Fund budget were relatively minor. The original budgeted revenues were \$10,129,478; the final budget was 0.2% lower at \$9,965,890. Budgeted expenditures decreased by 0.8% to \$9,740,890 (from \$9,817,462). Many of the budgetary changes dealt with moving appropriations between functions to better reflect the changes in operations during the school year.

Overall, student count projections and estimated expenditures were very close to planned amounts, even when considering the uncertainty surrounding state finances available to the District.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2005, the District had \$12.1 million invested in a range of capital assets including land, buildings and improvements, furniture and equipment, and vehicles. This amount represents a decrease of \$259,000 from the beginning balance. Current additions included a parcel of land on McDevitt Rd. to provide alternate access to the bus garage (\$14,000), major roof repairs totaling \$73,000, an air conditioner for the high school computer lab (\$13,400), a new gym sound system for the high school for \$13,000, and several other smaller items totaling \$52,000. A summary of capital asset activity is as follows:

| Asset Type | Balance 6/30/04 | Additions | Disposals | Balance 6/30/05 |
|--------------------------------------|----------------------|-------------------|-------------|----------------------|
| Land | \$ 6,450 | \$ 14,043 | \$ - | \$ 20,493 |
| Buildings and Improvements | 9,636,559 | 109,205 | - | 9,745,764 |
| Improvements other than Buildings | 436,500 | 11,629 | - | 448,129 |
| Equipment - Instruction | 1,000,585 | - | - | 1,000,585 |
| Equipment - Support | 376,676 | 26,341 | - | 403,017 |
| Other Vehicles | 65,308 | 4,200 | - | 69,508 |
| Buses | 426,882 | - | - | 426,882 |
| | <u>\$ 11,948,960</u> | <u>\$ 165,418</u> | <u>\$ -</u> | <u>\$ 12,114,378</u> |

VANDERCOOK LAKE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Debt

At the end of the year, the District had the following long term debt:

| | Balance 6/30/04 | Additions | Repayments | Balance 6/30/05 |
|----------------------------|---------------------|---------------------|-----------------------|---------------------|
| Installment Purchase | | | | |
| Agreements | \$ 191,085 | \$ - | \$ (64,898) | \$ 126,187 |
| Bonds Payable | 5,055,000 | 4,815,000 | (4,965,000) | 4,905,000 |
| <i>Durant</i> Bond Payable | 58,371 | - | - | 58,371 |
| | <u>\$ 5,304,456</u> | <u>\$ 4,815,000</u> | <u>\$ (5,029,898)</u> | <u>\$ 5,089,558</u> |

The District anticipates repayments on the installment purchase agreements (notes payable) will be made from current general revenues, as has been the case in past years.

The bonds payable actually consist of three distinct issues. Two relate to the voter approved debt issued by the District after residents approved it in 1997. The majority of these 1997 bonds were refinanced during the 2005 fiscal year to take advantage of lower interest rates. These new bonds were sold at a true interest rate of 4.09%, which will save the District \$436,000 over the life of the bonds (\$233,892 in today's dollars). The District can levy an unlimited millage to retire this debt. During 2003, the District decreased its levy from 5 mills to 4.8 mills (1 mill = \$1 per \$1,000 of taxable value) for debt service. The balance of these bonds at June 30, 2004 was \$5,055,000.

The State of Michigan is obligated to pay the debt service on the *Durant* bonds, which were issued as part of a settlement regarding state underfunding of special education services

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The elected school board members and school administration consider many factors when setting the District's 2005/2006 General Fund budget. One of the most important factors is the student count. As discussed earlier, the District's state aid is based on a per pupil basis, with the number of pupils determined using 25% of the February 2005 and 75% of the September 2005 pupil counts. The state aid represents approximately 75% of the total revenue for the General Fund. We are currently expecting a small increase in the September 2005 pupil count.

The District is heavily dependent on the State for its General Fund revenues. As a result, the overall state economy has a direct impact on the District's level of funding. For the past two years, the State's tax collections have been decreasing. As of this date, the State governor has promised that the foundation allowance (\$6,875 per pupil for the District) will not be reduced during the year. This allowance is the up \$175 from the 2004/2005 allowance (which had not changed since 2002/2003). Similar to last year, cuts could be made in categorical payments, which could have a negative impact on the District's finances.

District pension costs will increase effective October 1, 2005 from 14.87% to 16.34 of employee payroll. Future projections show that this cost will continue increase, as the retiree health costs continue to escalate.

VANDERCOOK LAKE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (Continued)

The District continues to see its health care costs increase as well. District employees have agreed to shoulder a portion of these premium increases, but at the current rate the District will pay \$20,000 per year for each covered employee by 2007.

Finally, the District has long been a beneficiary of the State's Schools of Choice law. Almost one-third of the District's students are non-residents electing to attend Vandercook Lake Public Schools because of the academic opportunities and caring atmosphere offered by the District. There are no guarantees that this will continue, although signs indicate that for Jackson area children, Vandercook Lake Public Schools continue to be the "School of Choice".

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the residents and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Superintendent's Office, 1000 E. Golf St., Jackson, Michigan 49203.

BASIC FINANCIAL STATEMENTS

VANDERCOOK LAKE PUBLIC SCHOOLS
STATEMENT OF NET ASSETS
JUNE 30, 2005

| Assets | <u>Governmental Activities</u> |
|---|--------------------------------|
| Current Assets: | |
| Cash and cash equivalents | \$ 1,413,404 |
| Accounts receivable | 48,340 |
| Taxes receivable | 1,403 |
| Due from other governmental units | 1,586,296 |
| Inventory | 5,179 |
| Total current assets | <u>3,054,622</u> |
| Noncurrent Assets: | |
| Capital assets - Less accumulated depreciation of \$4,642,558 | 7,471,820 |
| Bond issuance costs - Less accumulated amortization of \$59,304 | 475,351 |
| Total noncurrent assets | <u>7,947,171</u> |
| Total assets | <u>11,001,793</u> |
| Liabilities and Fund Balances | |
| Liabilities: | |
| Current Liabilities: | |
| Accounts payable | 61,792 |
| Interest payable | 35,126 |
| Salaries payable | 746,032 |
| Accrued expenses | 390,154 |
| Deferred revenue | 31,770 |
| Accrued sick pay | 222,320 |
| Notes payable within one year | 41,040 |
| Bonds payable within one year | 225,923 |
| Total current liabilities | <u>1,754,157</u> |
| Noncurrent Liabilities: | |
| Notes payable | 85,147 |
| Bonds payable | 4,737,448 |
| Total noncurrent liabilities | <u>4,822,595</u> |
| Total liabilities | <u>6,576,752</u> |
| Net Assets: | |
| Invested in capital assets, net of related debt | 2,382,262 |
| Restricted for debt service | 59,314 |
| Unrestricted | 1,983,465 |
| Total net assets | <u>\$ 4,425,041</u> |

The accompanying notes are an integral part of the financial statements.

VANDERCOOK LAKE PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

| | Expenses | Program Revenues | | Governmental |
|---|----------------------|-------------------|---------------------|---------------------|
| | | Charges For | Operating | Activities |
| | | Services | Grants | Net (Expense) |
| | | | | Revenue |
| | | | | and Change |
| | | | | in Net Assets |
| Functions/Programs: | | | | |
| Governmental Activities: | | | | |
| Instruction and instructional support | \$ 8,215,424 | \$ 25,252 | \$ 975,619 | \$ (7,214,553) |
| Support services | 1,631,698 | - | - | (1,631,698) |
| Community services | 83,845 | 101,289 | - | 17,444 |
| Athletics | 236,991 | 54,349 | - | (182,642) |
| School Lunch | 421,814 | 182,825 | 246,077 | 7,088 |
| Interest on long term debt | 156,684 | - | - | (156,684) |
| Depreciation (Unallocated) | 263,769 | - | - | (263,769) |
| Total Governmental Activities | \$ 11,010,225 | \$ 363,715 | \$ 1,221,696 | (9,424,814) |
| General Revenues: | | | | |
| Taxes: | | | | |
| Property taxes, levied for general operations | | | | 534,147 |
| Property taxes, levied for debt service | | | | 431,619 |
| State of Michigan aid, unrestricted | | | | 8,340,366 |
| Interest and investment earnings | | | | 27,117 |
| Other | | | | 77,077 |
| Total general revenues | | | | 9,410,326 |
| Change in Net Assets | | | | (14,488) |
| Net assets - Beginning | | | | 4,439,529 |
| Net assets - Ending | | | | \$ 4,425,041 |

The accompanying notes are an integral part of the financial statements.

VANDERCOOK LAKE PUBLIC SCHOOLS
COMBINED BALANCE SHEET
JUNE 30, 2005

| <u>ASSETS AND OTHER DEBITS</u> | <u>GENERAL</u> | <u>DEBT SERVICE</u> | <u>OTHER NONMAJOR GOVERNMENTAL FUNDS</u> | <u>TOTAL GOVERNMENTAL FUNDS</u> |
|---|----------------|-------------------------|--|---|
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 1,383,088 | \$ 4,006 | \$ 26,310 | \$ 1,413,404 |
| Accounts receivable | 48,340 | - | - | 48,340 |
| Taxes receivable | 452 | 125 | 826 | 1,403 |
| Due from other governments | 1,582,478 | - | 3,818 | 1,586,296 |
| Inventory | - | - | 5,179 | 5,179 |
| Internal balances | (57,091) | 55,183 | 1,908 | - |
| | | | | |
| Total assets and other debits | \$ 2,957,267 | \$ 59,314 | \$ 38,041 | \$ 3,054,622 |
| | | | | |
| <u>LIABILITIES, FUND BALANCE AND OTHER CREDITS</u> | | | | |
| LIABILITIES: | | | | |
| Accounts payable | \$ 61,792 | \$ - | \$ - | \$ 61,792 |
| Salaries payable | 744,073 | - | 1,959 | 746,032 |
| Accrued expenses | 389,713 | - | 441 | 390,154 |
| Deferred revenue | 31,770 | - | - | 31,770 |
| Total liabilities | 1,227,348 | - | 2,400 | 1,229,748 |
| | | | | |
| FUND BALANCES: | | | | |
| Reserved for inventory | - | - | 5,179 | 5,179 |
| Reserved for debt service | - | 59,314 | - | 59,314 |
| Designated for installment purchase agreements | - | - | - | - |
| Unreserved and undesignated | 1,729,919 | - | 30,462 | 1,760,381 |
| Total fund equity | 1,729,919 | 59,314 | 35,641 | 1,824,874 |
| | | | | |
| Total liabilities and fund balance | \$ 2,957,267 | \$ 59,314 | \$ 38,041 | \$ 3,054,622 |

The accompanying notes are an integral part of the financial statements.

VANDERCOOK LAKE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

| | GENERAL | DEBT SERVICE | NONMAJOR GOVERNMENTAL FUNDS | TOTALS |
|--|--------------|-----------------|-----------------------------------|--------------|
| Revenues: | | | | |
| Local sources | \$ 762,536 | \$ 431,937 | \$ 237,174 | \$ 1,431,647 |
| State sources | 8,696,667 | - | 24,270 | 8,720,937 |
| Federal sources | 100,145 | - | 221,807 | 321,952 |
| Interdistrict sources | 521,201 | - | - | 521,201 |
| Total revenues | 10,080,549 | 431,937 | 483,251 | 10,995,737 |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | 6,622,635 | - | - | 6,622,635 |
| Instructional Support services | 1,489,001 | - | - | 1,489,001 |
| Non-Instructional Support services | 1,529,571 | - | - | 1,529,571 |
| Other | - | 5,196,573 | - | 5,196,573 |
| Community services | 83,845 | - | - | 83,845 |
| Athletics | - | - | 236,991 | 236,991 |
| School Lunch | - | - | 421,814 | 421,814 |
| Debt service | 70,904 | 322,104 | - | 393,008 |
| Capital outlay | 53,320 | - | 133,414 | 186,734 |
| Total expenditures | 9,849,276 | 5,518,677 | 792,219 | 16,160,172 |
| Excess (Deficiency) of Revenues Over Expenditures | 231,273 | (5,086,740) | (308,968) | (5,164,435) |
| Other Financing Sources (Uses): | | | | |
| Sale of fixed assets | - | - | - | - |
| Proceeds from long term debt | - | 4,815,000 | - | 4,815,000 |
| Operating Transfers Out | (229,953) | - | 229,953 | - |
| Total Other Financing Sources (Uses) | (229,953) | 4,815,000 | 229,953 | 4,815,000 |
| Net Changes in Fund Balances | 1,320 | (271,740) | (79,015) | (349,435) |
| Fund Balance - Beginning | 1,728,599 | 331,054 | 114,656 | 2,174,309 |
| Fund Balance - Ending | \$ 1,729,919 | \$ 59,314 | \$ 35,641 | \$ 1,824,874 |

The accompanying notes are an integral part of the financial statements.

VANDERCOOK LAKE PUBLIC SCHOOLS
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT
OF NET ASSETS AND RECONCILIATION OF THE STATEMENT OF REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2005

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets:

| | | |
|---|--------------------|----------------------------|
| Total Governmental Fund Balances | | \$ 1,824,874 |
| Amounts reported for governmental activities in the statement of net assets because: | | |
| Capital assets used in governmental activities are not financial resources. Accordingly, they are not reported on the governmental funds balance sheet. | | |
| The cost of capital assets is: | \$ 12,114,378 | |
| Accumulated depreciation is: | <u>(4,642,558)</u> | 7,471,820 |
| Bond issuance costs are not financial resources, and therefore are not reported on the governmental funds balance sheet. | | |
| The balance of unamortized bond issue costs is: | | 475,351 |
| Accrued interest is not included as a liability in governmental funds. | | (35,126) |
| Long term liabilities are not payable from current resources. As a result, they are not reported on the governmental fund balance sheet. | | |
| Bonds and notes payable balance is: | | (5,089,558) |
| Accrued sick pay is: | | <u>(222,320)</u> |
| | | <u><u>\$ 4,425,041</u></u> |

The accompanying notes are an integral part of the financial statements.

VANDERCOOK LAKE PUBLIC SCHOOLS
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT
OF NET ASSETS AND RECONCILIATION OF THE STATEMENT OF REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2005

**Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities:**

| | | |
|---|----------------|---------------------------|
| Net changes in fund balances - Total Governmental Funds | | \$ (349,435) |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated to expense over their useful lives as depreciation expense. | | |
| Depreciation expense | \$ (425,228) | |
| Capital outlay | <u>165,418</u> | (259,810) |
| Loss on advance refunding of bonds is capitalized and amortized over the remaining life of the debt | | 315,474 |
| Issuance costs of bonds are capitalized and amortized over the remaining life of the debt | | 96,099 |
| Interest expense is reported in the statement of activities when incurred; it is not reported as an expenditure in the governmental fund financial statements until it is paid. | | 17,729 |
| Interest expense is increased by the amortization of bond issuance costs. | | (24,836) |
| Long term debt financing is not reported as a revenue on the statement of activities; it is reported as a liability instead. | | (4,815,000) |
| Bond and note principal payments are reported as an expenditure in the governmental funds; they reduce the long term debt liabilities in the statement of activities | | 5,029,899 |
| Sick pay is recorded in governmental funds when paid; it is expensed as earned in the statement of activities | | <u>(23,140)</u> |
| Change in Net Assets of Governmental Activities | | <u><u>\$ (13,020)</u></u> |

The accompanying notes are an integral part of the financial statements.

VANDERCOOK LAKE PUBLIC SCHOOLS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS - STUDENT ACTIVITIES AGENCY FUND
JUNE 30, 2005

| Assets | |
|------------------------|-------------------------|
| Cash | \$ 97,631 |
| Accounts Receivable | - |
| Due from other funds | - |
| | <hr/> |
| Total Assets | <u><u>\$ 97,631</u></u> |
| Liabilities | |
| Due to other funds | \$ 4,264 |
| Due to student groups | 93,367 |
| | <hr/> |
| Total Liabilities | <u><u>\$ 97,631</u></u> |

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

VANDERCOOK LAKE PUBLIC SCHOOLS
INDEX TO THE NOTES TO THE FINANCIAL STATEMENTS

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VANDERCOOK LAKE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The basic financial statements of the Vandercook Lake Public Schools (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below:

1. Reporting Entity:

Vandercook Lake Public Schools is a public school district created under the laws of the State of Michigan. It is governed by an elected seven-member Board of Education, which has control over all activities related to public school education within the District. Located in Jackson County, Michigan, the District provides K-12 educational programs to approximately 1,275 students. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by GAAP. In addition, these financial statements do not include the Parent-Teacher organizations or other booster groups (although their receipts and disbursements are reported in the Activity Fund by District policy.)

2. District Wide and Fund Financial Statements:

The district wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all the non-fiduciary activities of the primary government (the District). For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business activities, which rely to a significant extent on fees and charges for support. All of the District's activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenue* includes both (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenue are reported as *general revenue*.

In the District-Wide statement of net assets, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

VANDERCOOK LAKE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

2. District Wide and Fund Financial Statements: (Continued)

The District first utilizes restricted resources to finance qualifying activities.

The district-wide statement of activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either capital or operating) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, interest income and other revenues).

The District does not allocate indirect costs.

This district-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as a separate column in the fund financial statements.

Governmental Funds – Governmental funds are those funds through which most of the District's functions typically are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The District reports the following as **major** governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the District.

Other Non-major Funds

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including major capital projects). The District accounts for its athletic and food service program activities in special revenue funds.

The *capital projects fund* accounts for resources accumulated to fund major, non-recurring repairs to District properties.

VANDERCOOK LAKE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

2. District Wide and Fund Financial Statements: (Continued)

Fiduciary funds account for assets held by the District as an agent on behalf of others. Fiduciary funds are not included in the district-wide statements.

The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds use the accrual method of accounting. This fund is used to account for assets the District holds for others in an agency capacity (primarily student activities).

3. Measurement Focus, Basis of Accounting, and Basis of Presentation:

Accrual Method

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recorded as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Modified Accrual Method

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes and interest are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

VANDERCOOK LAKE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

4. Cash and Cash Equivalents:

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

5. Receivables:

Receivables are established by the District for revenues susceptible to accrual. No allowance for doubtful accounts has been established, as all receivables were collected within 60 days of accrual.

6. Inventories and Prepaid Items:

Inventory is valued at the lower of cost (first in, first-out) or market. Inventory in the special revenue funds consist of food and expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased.

Certain prepayments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Reported inventories and prepaid items are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources", even though they are a component of net current assets.

7. Capital Assets:

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the time of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

The cost, less estimated salvage value, is depreciated for all assets using the straight-line basis over the estimated useful lives. Salvage value and useful lives are as follows:

| | <u>Salvage Value</u> | <u>Useful Life</u> |
|-----------------------------------|----------------------|--------------------|
| Land | N/A | N/A |
| Buildings and Improvements | 15% of cost | 7-50 years |
| Improvements other than buildings | 5% of cost | 20-30 years |
| Furniture and equipment | 5% of cost | 5-30 years |
| Vehicles | 2-5% of cost | 8 years |

VANDERCOOK LAKE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

8. Compensated Absences:

The school's policy is not to compensate employees for vacation time not used during the school year. Sick time can be accumulated to a maximum of 200 days. If an employee leaves the District after 15 years, they are reimbursed for their unused sick leave at the rate of \$40 - 50 per day, depending upon classification.

9. Long-Term Obligations:

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. Bond premiums and discounts, as well as issuance costs and the loss on the bonds refunded in advance are deferred and amortized over the life of the bonds using the straight-line method over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Fund Equity:

In the fund financial statements, reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Reservations of fund balance are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change. The reservations of the District's fund balances have been established to reflect amounts not appropriable.

11. Prior Year Totals in Additional Information:

Prior year totals have been included in certain statements and schedules contained in the supplementary information. No changes, restatements, or additional work have been performed on the prior year totals.

12. Estimates:

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of management's estimates. The estimates which may be material in amount are summarized in these notes to the financial statements.

VANDERCOOK LAKE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

1. Budgetary Information:

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the capital projects fund, which adopted a project-length budget. All annual appropriations lapse at fiscal year end.

During the year, the budget was amended in a legally permissible manner.

2. Excess of Expenditures Due Appropriations:

For the year ended June 30, 2005, expenditures exceeded appropriations in the following areas:

| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE</u> |
|-------------------------------------|---------------|---------------|-----------------|
| General Fund: | | | |
| Instruction: | | | |
| Basic Programs | \$ 5,369,160 | \$ 5,432,335 | \$ (63,175) |
| Added Needs | 1,185,700 | 1,190,300 | (4,600) |
| Instructional Support Services: | | | |
| Pupil | 321,180 | 340,428 | (19,248) |
| Non-Instructional Support Services: | | | |
| Board of Education | 37,500 | 42,153 | (4,653) |
| Executive Administration | 193,350 | 217,437 | (24,087) |
| Business Services | 193,650 | 205,611 | (11,961) |
| Operations and Maintenance | 899,200 | 916,451 | (17,251) |
| Transportation | 139,850 | 148,819 | (8,969) |
| Transfers to Other Funds | 225,000 | 229,953 | (4,953) |
| Special Service Funds: | | | |
| Athletics Fund | 213,785 | 236,991 | (23,206) |

Spending an amount in excess of budget is a violation of state statute.

NOTE C – CASH AND INVESTMENTS:

Cash and investments as of June 30, 2005 are classified in the accompanying financial statements as follows:

| | |
|---------------------------|---------------------|
| Statement of Net Assets: | |
| Cash and cash equivalents | \$ 1,413,404 |
| Fiduciary Funds: | |
| Cash and cash equivalents | 97,631 |
| | <u>\$ 1,511,035</u> |

VANDERCOOK LAKE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE C – CASH AND INVESTMENTS: (Continued)

State statutes and District policy authorize the District to deposit and invest in the accounts of Federally insured banks; insured credit unions and savings and loan associations; bonds and other direct obligations of the United States, or an agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; commercial paper rated within the two highest classifications by not less than two standard rating services, which mature not more than 270 days after the date of purchase; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. The District's deposits are in accordance with statutory authority and District policy.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District minimizes this risk by limiting its investments to shorter term securities with liquidity similar to a money market account.

Concentration of Credit Risk

The District's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized; collateralized with securities held by the pledging financial institution; or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

The custodial credit risk for investments is that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following provision for deposits: Michigan law (MCL 129.33) requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 100% of the total amount deposited by the public agencies.

VANDERCOOK LAKE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE C – CASH AND INVESTMENTS: (Continued)

As of June 30, 2005, \$1,311,034 of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

NOTE D – DUE FROM OTHER GOVERNMENTS:

The District has accrued amounts received within sixty days of year end from other governmental units applicable to the year ended June 30, 2005. This receivable includes state aid payments and reimbursement type grant payments. A summary of this receivable is as follows:

| | |
|--|---------------------|
| State Aid - July and August payments - General | \$ 1,582,478 |
| State Aid - School Lunch | 3,818 |
| | <u>\$ 1,586,296</u> |

NOTE E – INTERFUND RECEIVABLES AND PAYABLES:

The composition of interfund balances (reported as internal balances on the basic financial statements) as of June 30, 2005 is as follows:

| <u>RECEIVABLE FUND</u> | | <u>PAYABLE FUND</u> | |
|------------------------|------------------|---------------------|------------------|
| General Fund | \$ 3,438 | Activity Fund | \$ 3,438 |
| Food Service Fund | 1,908 | General Fund | 1,908 |
| Athletics Fund | 826 | Activity Fund | 826 |
| Debt Retirement Fund | 55,183 | General Fund | 55,183 |
| | <u>\$ 61,355</u> | | <u>\$ 61,355</u> |

VANDERCOOK LAKE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE F – CAPITAL ASSETS:

Activity in the general fixed assets account group for the District for the year ended June 30, 2005 was as follows:

| | BALANCE 6/30/04 | ADDITIONS | DISPOSALS | BALANCE 6/30/05 |
|-----------------------------------|--------------------|--------------|-----------|--------------------|
| Assets not being depreciated - | | | | |
| Land | \$ 6,450 | \$ 14,043 | \$ - | \$ 20,493 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 9,636,559 | 109,205 | - | 9,745,764 |
| Non-building improvements | 436,500 | 11,629 | - | 448,129 |
| Equipment/furniture - Instruction | 1,000,585 | - | - | 1,000,585 |
| Equipment/furniture - Support | 376,676 | 26,341 | - | 403,017 |
| Vehicles | 65,308 | 4,200 | - | 69,508 |
| School buses | 426,882 | - | - | 426,882 |
| Total | 11,942,510 | 151,375 | - | 12,093,885 |
| Total asset cost | 11,948,960 | 165,418 | - | 12,114,378 |
| Accumulated depreciation: | | | | |
| Buildings and improvements | 3,144,703 | 242,609 | - | 3,387,312 |
| Non-building improvements | 71,700 | 21,160 | - | 92,860 |
| Equipment/furniture - Instruction | 535,242 | 86,113 | - | 621,355 |
| Equipment/furniture - Support | 156,610 | 32,531 | - | 189,141 |
| Vehicles | 49,985 | 6,355 | - | 56,340 |
| School buses | 259,090 | 36,460 | - | 295,550 |
| Total | 4,217,330 | 425,228 | - | 4,642,558 |
| Net book value | \$ 7,731,630 | \$ (259,810) | \$ - | \$ 7,471,820 |

NOTE G - SALARIES PAYABLE AND ACCRUED EXPENSES:

The majority of the District's employees work only while school is in session. These employees have the option of collecting their annual salary (based upon the school year) over a 26 pay period from September to August. Amounts owed these employees for work performed during the year ended June 30, 2005 that is to be paid in July and August 2005 is reported in these financial statements as Salaries Payable.

VANDERCOOK LAKE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE G - SALARIES PAYABLE AND ACCRUED EXPENSES: (Continued)

The fringe benefits related to the employees referred to above have also been accrued as a liability at June 30, 2005. These amounts are shown below.

| | |
|------------------|-------------------|
| FICA | \$ 57,071 |
| Retirement | 109,252 |
| Health Insurance | 223,831 |
| | <u>\$ 390,154</u> |

NOTE H - DEFERRED REVENUE:

The District received grant proceeds in excess of allowable expenditures incurred for certain programs during the fiscal year ended June 30, 2005. The District has recognized as revenue only the amount equal to the allowable expenditures for these programs; the balance has been recorded as deferred revenue. The detail of the deferred revenue at June 30, 2005 is as follows:

| Program Name | Amount |
|-----------------------------------|------------------|
| General Fund: | |
| Michigan School Readiness (State) | \$ 12,730 |
| Title I (Federal) | (10,509) |
| Title II Part A (Federal) | 29,549 |
| | <u>\$ 31,770</u> |

NOTE I - LONG-TERM DEBT:

The District issues bonds and installment purchase agreements to provide resources for the acquisition and construction of major capital facilities and certain other long-lived equipment. This debt can be summarized as follows:

General Obligation Bonds - The District has issued general obligation bonds to provide funds for the construction, renovation, and equipping of school facilities. A large portion of these were refunded August 2004 with the 2004 Refunding bonds. The District will realize cash savings of \$436,000 over the remaining life of these bonds, which is equivalent to \$234,000 in today's dollars.

As part of the *Durant* program-funding lawsuit, the State issued bonds on behalf of the District in lieu of making annual payments over a fifteen-year period beginning in 1999. These bonds are to be retired with an annual appropriation from the State, but the bonds are an obligation of the District.

VANDERCOOK LAKE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE I - LONG-TERM DEBT: (Continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the District. General obligation bonds currently outstanding are as follows:

| Purpose | Interest Rates | Amount |
|-------------------------------|----------------|--------------|
| 2004 Refunding Bonds | 2.00% to 4.45% | \$ 4,760,000 |
| School Improvement Bond, 1998 | | |
| Series (<i>Durant</i> bonds) | 4.76% | \$ 58,371 |
| 1997 Building and Site Bonds | 5.25% to 8.00% | \$ 5,055,000 |

Installment Purchase Agreements Payable (Notes Payable) - The District has financed the acquisition of buses through the use of installment purchase agreements. Installment purchase agreements are direct obligations of the District, secured by the equipment purchased. Installment purchase agreements currently outstanding are as follows:

| Purpose | Interest Rate | Amount |
|------------------------------|---------------|-----------|
| Comerica Bank - Buses | 4.30% | \$ 42,422 |
| County National Bank - Buses | 2.14% | \$ 83,764 |

Sick Leave Payable – As discussed in Note A-7, the District offers the partial payoff of unused sick leave upon retirement. This liability was \$222,320 at June 30, 2005.

Leases Payable - The District has not entered into any material lease agreements.

The change in long-term debt can be summarized as follows:

| | Balance 6/30/04 | New Debt Issues | Principal Repayments | Balance 6/30/05 |
|------------------------------------|---------------------|--------------------|-------------------------|---------------------|
| Bonds Payable | \$ 5,113,371 | \$4,815,000 | \$(4,965,000) | \$ 4,963,371 |
| Installment Purchase Agreements | 191,085 | - | (64,898) | 126,187 |
| Sick Leave Payable | 199,180 | 34,300 | (11,160) | 222,320 |
| | <u>\$ 5,503,636</u> | <u>\$4,849,300</u> | <u>\$(5,041,058)</u> | <u>\$ 5,311,878</u> |

VANDERCOOK LAKE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE I - LONG-TERM DEBT: (Continued)

The debt service requirements until maturity for the District's long-term debt are as follows:

| Fiscal Year Ended June 30, | General Obligation Bonds | Installment Purchase Agreements | Accumulated Sick Leave | Total |
|----------------------------------|--------------------------------|---------------------------------------|---------------------------|---------------------|
| 2006 | \$ 425,914 | \$ 44,682 | \$ - | \$ 470,596 |
| 2007 | 403,952 | 44,682 | - | 448,634 |
| 2008 | 408,454 | 22,090 | - | 430,544 |
| 2009 | 412,129 | 22,090 | - | 434,219 |
| 2010 | 414,829 | - | - | 414,829 |
| Thereafter | 4,853,707 | - | 222,320 | 5,076,027 |
| | 6,918,985 | 133,544 | 222,320 | 7,274,849 |
| Less - Interest | (1,955,614) | (7,357) | - | (1,962,971) |
| | <u>\$ 4,963,371</u> | <u>\$ 126,187</u> | <u>\$ 222,320</u> | <u>\$ 5,311,878</u> |

NOTE J - FUND EQUITY:

1. Designated Fund Balance:

It has been the policy of the school board to reflect a portion of General Fund fund balance equal to the outstanding principal and interest balance of installment purchase agreements as designated for debt service.

2. Reserved Fund Equity:

At June 30, 2005, the Food Service Fund had fund balance reserved for inventory in the amount of \$5,179. A reserve has been established for this item to reflect the fact that this amount is not available for expenditure in a future period (not appropriable).

The fund balance of the debt service fund is reserved for payment of principal and interest on the general unlimited tax obligation bonds issued by the District in 1997, including the 2004 refunding bonds issued in August 2004.

NOTE K - PROPERTY TAXES:

Taxes are levied by the District in one installment. This is levied by July 1, and is due by February 28 of the following year, with interest of 1% per month being assessed for payments after September 15. As discussed in Note N, the District is reimbursed for any unpaid real property taxes as of March 1. Personal property taxes (levied on equipment used in a business) unpaid at March 1 are paid to the District as they are collected.

Assessing and collecting the District's property taxes is handled by the townships in which the District is located. The property taxes become a lien on December 31 of the year preceding the levy.

VANDERCOOK LAKE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE L - DEFINED BENEFIT PENSION PLAN:

1. Plan Description:

The District participates in the Michigan Public School Employee's Retirement System ("MPERS"), a cost sharing multiple employer, statewide defined benefit public employee retirement plan governed by the State of Michigan. MPERS was originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. MPERS operates within the Michigan Department of Management and Budget, Office of Retirement Systems. MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. The report may be obtained by writing to: MPERS, P.O. Box 30171, Lansing, MI. 48909-7671.

2. Funding Policy:

The District is required to make the full actuarial funding contribution amount needed to fund pension benefits, plus an additional amount to fund retiree health benefits paid on a cash disbursement ('pay as you go') basis. The employer contribution rate totaled 12.99% of covered wages from July 1, 2004 to September 30, 2004. The rate was increased to 14.87% from October 1, 2004 to June 30, 2005 (effective October 1, 2005 it is scheduled to increase to 16.34%).

Employee contributions differ based on selected coverage. Basic Plan members make no contributions. Member Investment Plan members contribute at rates ranging from 3.0% to 4.3% of gross wages.

The District's contribution to the MPERS plan for the year ending June 30, 2005 was \$893,428, which equaled the actuarially determined amount. Covered payroll for the year ended June 30, 2005 was \$6.25 million; total payroll was \$6.4 million. Employee contributions for the year ended June 30, 2005 totaled \$217,265.

3 Post-Employment Benefits:

Under the MPERS' Act, all retirees participating in the pension plan have the option of continuing health, dental, and vision coverage. Retirees having these coverages contribute an amount equivalent to the monthly cost for Medicare Part B and 10% of the monthly premium amount for the health, dental, and vision coverages. The District's required contribution for the post-employment benefits are discussed in the funding policy section above.

VANDERCOOK LAKE PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE M – RISK MANAGEMENT:

The District is exposed to various risks of loss related to property loss or damage, torts, errors and omissions claims, and employee injuries. The District has purchased commercial insurance to protect itself from errors and omissions claims and medical benefits.

The District participates in an association of educational institutions located within the State of Michigan for self-insuring claims for employee injury (workers' compensation) and property loss. The association is considered a public entity risk sharing pool. The District pays annual premiums to the association for these coverages. In the event the association's total claims and expenses for a policy year exceed the total normal premiums for said year, all members of the policy year may be subject to special assessments to cover the difference. The association maintains reinsurance to limit its exposure to large claims. To date, the District has not been notified of the need for any special assessments; refunds have been received/credited to premiums for the past several years.

NOTE N - CONTINGENT LIABILITIES:

The District is a reimbursing employer to the State of Michigan Bureau of Workers' & Unemployment Compensation for unemployment compensation, and as such is responsible to pay the commission for those benefits paid and charged to its account. As of June 30, appropriate liabilities have been recorded for all claims paid by the Agency. However, no provision has been made for future payments that might result from claims in process or unfilled.

NOTE O – COMMITMENTS:

The Jackson County Treasurer reimburses the District for any real property taxes from the current year levy which are unpaid as of the following March 1. This entitles the County to receive interest and fees on such taxes, while affording the District with a more predictable cash flow. The District is responsible for repayment to the County's Delinquent Tax Revolving Fund of any taxes remaining unpaid five years after the original date of delinquency, as well as for any refunds of collected taxes ordered by the courts. The amount of the contingent liability has not been determined; past payments for such items have been immaterial, however.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

VANDERCOOK LAKE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2005

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET |
|---|--------------------|-----------------|--------------|----------------------------------|
| REVENUES: | | | | |
| Local | \$ 607,491 | \$ 714,925 | \$ 762,536 | \$ 47,611 |
| State | 8,858,750 | 8,709,130 | 8,696,667 | (12,463) |
| Federal | 156,237 | 119,135 | 100,145 | (18,990) |
| Interdistrict sources | 507,000 | 422,700 | 521,201 | 98,501 |
| Total revenues | 10,129,478 | 9,965,890 | 10,080,549 | 114,659 |
| EXPENDITURES: | | | | |
| Instruction: | | | | |
| Basic programs | 5,481,725 | 5,369,160 | 5,432,335 | (63,175) |
| Added needs | 1,186,964 | 1,185,700 | 1,190,300 | (4,600) |
| Instructional Support services: | | | | |
| Pupil | 290,026 | 321,180 | 340,428 | (19,248) |
| Instructional staff | 335,528 | 379,200 | 361,507 | 17,693 |
| School administration | 726,227 | 796,900 | 787,066 | 9,834 |
| Non-Instructional Support services: | | | | |
| Board of Education | - | 37,500 | 41,253 | (3,753) |
| Executive Administration | 244,043 | 193,350 | 217,437 | (24,087) |
| Business services | 215,119 | 193,650 | 205,611 | (11,961) |
| Operation and maintenance | 910,987 | 899,200 | 916,451 | (17,251) |
| Transportation | 147,583 | 139,850 | 148,819 | (8,969) |
| Community services | 85,989 | 90,200 | 83,845 | 6,355 |
| Capital outlay | 127,000 | 64,000 | 53,320 | 10,680 |
| Debt service | 66,271 | 71,000 | 70,904 | 96 |
| Total expenditures | 9,817,462 | 9,740,890 | 9,849,276 | (108,386) |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 312,016 | 225,000 | 231,273 | 6,273 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers to other funds | (291,441) | (225,000) | (229,953) | (4,953) |
| Proceeds from sale of fixed assets | - | - | - | - |
| Proceeds from long term debt | - | - | - | - |
| Total other financing sources (uses) | (291,441) | (225,000) | (229,953) | (4,953) |
| NET CHANGE IN FUND BALANCE | 20,575 | - | 1,320 | 1,320 |
| FUND BALANCE - July 1 | 1,608,725 | 1,728,599 | 1,728,599 | - |
| FUND BALANCE - June 30 | \$ 1,629,300 | \$ 1,728,599 | \$ 1,729,919 | \$ 1,320 |

ADDITIONAL INFORMATION

COMBINING STATEMENTS - NONMAJOR GOVERNMENTAL FUNDS

VANDERCOOK LAKE SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUND TYPES
COMBINING BALANCE SHEET
JUNE 30, 2005

| | ATHLETICS | FOOD SERVICE | CAPITAL PROJECTS | TOTAL |
|-------------------------------------|-----------|-----------------|---------------------|-----------|
| <u>ASSETS</u> | | | | |
| Cash | \$ 400 | \$ 25,864 | \$ 46 | \$ 26,310 |
| Accounts receivable | - | - | - | - |
| Taxes receivable | 826 | - | - | 826 |
| Due from other funds | - | 1,908 | - | 1,908 |
| Due from other governments | - | 3,818 | - | 3,818 |
| Inventory | - | 5,179 | - | 5,179 |
| | | | | |
| Total assets | \$ 1,226 | \$ 36,769 | \$ 46 | \$ 38,041 |
| | | | | |
| <u>LIABILITIES AND FUND BALANCE</u> | | | | |
| | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Salaries payable | - | 2,400 | - | 2,400 |
| Due to other funds | - | - | - | - |
| Deferred revenue | - | - | - | - |
| Total liabilities | - | 2,400 | - | 2,400 |
| | | | | |
| Fund balance: | | | | |
| Reserved | | 5,179 | - | 5,179 |
| Unreserved | 1,226 | 29,190 | 46 | 30,462 |
| Total fund balance | 1,226 | 34,369 | 46 | 35,641 |
| | | | | |
| Total liabilities and fund balance | \$ 1,226 | \$ 36,769 | \$ 46 | \$ 38,041 |

VANDERCOOK LAKE SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUND TYPES
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2005

| | <u>ATHLETICS</u> | <u>FOOD SERVICE</u> | <u>CAPITAL PROJECTS</u> |
|--|------------------|-------------------------|-----------------------------|
| REVENUES: | | | |
| Local sources: | | | |
| Property taxes | \$ - | \$ - | \$ - |
| Ticket sales and entry fees | 53,795 | - | - |
| Food sales to pupils | - | 181,372 | - |
| Sales - Merchandise | 554 | - | - |
| Miscellaneous | - | 1,453 | - |
| Interest income | - | - | - |
| Total revenue from local sources | 54,349 | 182,825 | - |
| State sources | - | 24,270 | - |
| Federal sources | - | 221,807 | - |
| Total revenues | 54,349 | 428,902 | - |
| EXPENDITURES: | | | |
| Current: | | | |
| Athletics activities | 236,991 | - | - |
| School Lunch activities | - | 421,814 | - |
| Debt Service | - | - | - |
| Capital outlay | - | 6,321 | 127,093 |
| Total expenditures | 236,991 | 428,135 | 127,093 |
| EXCESS OF REVENUES OVER (UNDER) | | | |
| EXPENDITURES | (182,642) | 767 | (127,093) |
| OTHER FINANCING SOURCES (USES): | | | |
| Operating transfers from other funds | 185,652 | - | 44,301 |
| NET CHANGE IN FUND BALANCE | 3,010 | 767 | (82,792) |
| FUND BALANCE - July 1 | (1,784) | 33,602 | 82,838 |
| FUND BALANCE - June 30 | \$ 1,226 | \$ 34,369 | \$ 46 |

AN

TOTAL

| | |
|----|----------------|
| \$ | - |
| | 53,795 |
| | 181,372 |
| | 554 |
| | 1,453 |
| | - |
| | <u>237,174</u> |
| | 24,270 |
| | <u>221,807</u> |
| | <u>483,251</u> |

| | |
|--|----------------|
| | 236,991 |
| | 421,814 |
| | - |
| | <u>133,414</u> |
| | <u>792,219</u> |

(308,968)

| | |
|--|----------------|
| | <u>229,953</u> |
|--|----------------|

(79,015)

| | |
|--|----------------|
| | <u>114,656</u> |
|--|----------------|

| | |
|----|----------------------|
| \$ | <u><u>35,641</u></u> |
|----|----------------------|

GENERAL FUND

The General Fund accounts for all transactions related to the operation of the school district, except those transactions required by law or other agreement to be entered into other funds.

The following statements of the General Fund - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance - provide greater detail than that found in the Basic Financial Statements. This information is intended to assist in the analysis of the General Fund's finances.

VANDERCOOK LAKE SCHOOL DISTRICT
GENERAL FUND
BALANCE SHEET
JUNE 30, 2005
(WITH COMPARATIVE TOTALS FROM JUNE 30, 2004)

| | <u>2005</u> | <u>2004</u> |
|--|----------------------------|----------------------------|
| <u>ASSETS</u> | | |
| Cash and cash equivalents | \$ 1,383,088 | \$ 1,636,147 |
| Accounts receivable | 44,902 | 5,522 |
| Taxes receivable | 452 | 2,842 |
| Due from other funds | 3,438 | 2,693 |
| Due from other governments | 1,582,478 | 1,550,694 |
| Inventory | - | - |
| Prepaid expenses | - | - |
| | <hr/> | <hr/> |
| Total assets | <u><u>\$ 3,014,358</u></u> | <u><u>\$ 3,197,898</u></u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| Liabilities: | | |
| Accounts payable | \$ 61,792 | \$ 67,182 |
| Due to other funds | 57,091 | 346,683 |
| Salaries payable | 744,073 | 704,415 |
| Accrued expenses | 389,713 | 342,215 |
| Deferred revenue | 31,770 | 8,804 |
| Total liabilities | <hr/> <u>1,284,439</u> | <hr/> <u>1,469,299</u> |
| Fund Balance: | | |
| Designated | 204,450 | 204,450 |
| Unreserved | 1,525,469 | 1,524,149 |
| Total fund balance | <hr/> <u>1,729,919</u> | <hr/> <u>1,728,599</u> |
| | <hr/> | <hr/> |
| Total liabilities and fund balance | <u><u>\$ 3,014,358</u></u> | <u><u>\$ 3,197,898</u></u> |

VANDERCOOK LAKE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

| | 2005 | | 2004 |
|--|---------------|---------------|---------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
| REVENUES: | | | |
| LOCAL SOURCES: | | | |
| Property tax levy | \$ 534,000 | \$ 523,358 | \$ 493,430 |
| Delinquent tax collections | - | 8,469 | - |
| Penalties and interest on delinquent taxes | 2,300 | 2,320 | 1,785 |
| Total taxes | 536,300 | 534,147 | 495,215 |
| Interest income | 20,000 | 26,799 | 10,160 |
| Other local revenues: | | | |
| Preschool tuition | 10,000 | 7,977 | - |
| Latchkey program tuition | 75,000 | 101,289 | 75,286 |
| Drivers Education fees | 9,275 | 17,275 | 15,500 |
| Rental income | 19,750 | 20,090 | 2,293 |
| Soft Truancy program grants | 10,000 | 10,000 | - |
| Miscellaneous | 34,600 | 44,959 | 57,392 |
| Total Local Sources | 714,925 | 762,536 | 655,846 |
| STATE SOURCES: | | | |
| State school aid | 8,348,500 | 8,340,366 | 8,118,287 |
| Restricted state aid: | | | |
| <i>Durant</i> Settlement | 9,137 | 9,137 | 9,137 |
| Michigan School Readiness | 122,200 | 109,552 | 125,958 |
| At Risk | 217,843 | 217,801 | 203,064 |
| Gifted Programs | 200 | 177 | 180 |
| Vocational Education | 6,100 | 14,486 | 8,223 |
| Other state grants: | | | |
| Homeland Security | 5,150 | 5,148 | - |
| Drivers' education | - | - | 7,131 |
| Total State Sources | 8,709,130 | 8,696,667 | 8,471,980 |
| FEDERAL SOURCES: | | | |
| Passed through Michigan Department of Education: | | | |
| Title I | 66,235 | 76,744 | 86,800 |
| Title IIA - Improving Teacher Quality | 47,500 | 17,968 | 31,624 |
| Title V LEA Allocation | 800 | 793 | 994 |
| National School Lunch - Snacks | - | - | 899 |
| Technology Literacy Challenge grant | 4,600 | 4,640 | 25 |
| Total passed through Michigan Dept. of Education | \$ 119,135 | \$ 100,145 | \$ 120,342 |

VANDERCOOK LAKE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

| | 2005 | | 2004 |
|--|------------------|--------------------------|------------------|
| | Budget | Actual | Actual |
| REVENUES: (Continued) | | | |
| FEDERAL SOURCES: (Continued) | | | |
| Passed through the Jackson County ISD: | | | |
| FIA After School Program | \$ - | \$ - | \$ 9,086 |
| Safe & Drug Free Schools | - | - | 946 |
| Total passed through Jackson County I.S.D. | - | - | 10,032 |
| Total Federal Sources | 119,135 | 100,145 | 130,374 |
| INTERDISTRICT SOURCES: | | | |
| From Jackson County I.S.D.: | | | |
| Special Education reimbursement | 395,000 | 486,173 | 395,236 |
| Career Prep | 27,700 | 23,000 | - |
| Other reimbursements | - | 12,028 | 34,259 |
| Total interdistrict revenue from Jackson County I.S.D. | 422,700 | 521,201 | 429,495 |
| Incoming Transfers and Other Transactions: | | | |
| Sale of fixed assets | - | - | 1,260 |
| Bus loan proceeds | - | - | 103,600 |
| Total Other Transactions | - | - | 104,860 |
| TOTAL REVENUES, INCOMING TRANSFERS AND OTHER TRANSACTIONS | \$ 9,965,890 | \$ 10,080,549 | \$ 9,792,555 |

VANDERCOOK LAKE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

| | 2005 | | 2004 |
|--|------------------|--------------------------|-------------------|
| | Budget | Actual | Actual |
| EXPENDITURES: | | | |
| INSTRUCTION: | | | |
| BASIC PROGRAMS: | | | |
| Elementary: | | | |
| Professional Salaries | \$ 1,525,300 | \$ 1,524,112 | \$ 1,489,039 |
| Non-professional Salaries | 169,500 | 173,863 | 184,853 |
| Insurances | 444,800 | 441,347 | 387,277 |
| FICA and retirement | 377,230 | 383,594 | 285,612 |
| Other benefits | 200 | 589 | 350 |
| Purchased services | 11,000 | 11,104 | 10,943 |
| Supplies and materials | 43,500 | 48,183 | 48,772 |
| Other | 16,000 | 17,697 | 1,327 |
| Total Elementary | <u>2,587,530</u> | <u>2,600,489</u> | <u>2,408,173</u> |
| Middle School/High School: | | | |
| Professional Salaries | 1,651,000 | 1,657,624 | 1,664,501 |
| Non-professional salaries | 41,400 | 44,964 | 61,671 |
| Insurances | 471,000 | 482,220 | 429,583 |
| FICA and retirement | 377,000 | 378,490 | 295,816 |
| Other benefits | 3,050 | 2,962 | 700 |
| Purchased services | 45,000 | 56,053 | 15,781 |
| Supplies and materials | 84,500 | 91,063 | 122,308 |
| Other | 20,000 | 8,345 | 16,464 |
| Total Middle School/High School | <u>2,692,950</u> | <u>2,721,721</u> | <u>2,606,824</u> |
| Preschool (Michigan School Readiness Program): | | | |
| Professional Salaries | 48,580 | 48,580 | 45,765 |
| Non-professional salaries | 23,500 | 22,793 | 22,117 |
| Insurances | - | 14,203 | 13,666 |
| FICA and retirement | 16,000 | 15,878 | 13,999 |
| Other benefits | - | - | 717 |
| Supplies and materials | - | - | 5,962 |
| Other | - | 8,098 | 8,690 |
| Total Preschool | <u>\$ 88,080</u> | <u>\$ 109,552</u> | <u>\$ 110,916</u> |

VANDERCOOK LAKE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

| | 2005 | | 2004 |
|---|---------------|---------------|---------------|
| | Budget | Actual | Actual |
| EXPENDITURES: (Continued) | | | |
| INSTRUCTION: (Continued) | | | |
| BASIC PROGRAMS: (Continued) | | | |
| Summer School: | | | |
| Professional Salaries | \$ 500 | \$ 475 | \$ 9,690 |
| FICA and retirement | 100 | 98 | 656 |
| Total Summer School | 600 | 573 | 10,346 |
| TOTAL BASIC PROGRAMS | 5,369,160 | 5,432,335 | 5,136,259 |
| INSTRUCTION - ADDED NEEDS: | | | |
| Gifted & Talented: | | | |
| Supplies and materials | 550 | 520 | - |
| At - Risk (Compensatory Education): | | | |
| Professional Salaries | 181,500 | 181,176 | 217,661 |
| Non-professional Salaries | 54,500 | 53,404 | 50,165 |
| Insurances | 57,500 | 58,610 | 66,162 |
| FICA and retirement | 40,500 | 36,900 | 46,393 |
| Other benefits | - | - | - |
| Supplies and materials | 1,600 | 1,536 | 4,044 |
| Total At - Risk | 335,600 | 331,626 | 384,425 |
| Special Education: | | | |
| Professional Salaries | 418,000 | 417,761 | 389,866 |
| Non-professional Salaries | 122,500 | 118,225 | 107,415 |
| Insurances | 101,500 | 103,871 | 93,994 |
| FICA and retirement | 111,000 | 109,989 | 83,431 |
| Other benefits | 1,000 | 969 | 1,110 |
| Purchased services | - | - | - |
| Supplies and materials | 5,500 | 4,886 | 5,124 |
| Other | 50 | 50 | 50 |
| Total Special Education | \$ 759,550 | \$ 755,751 | \$ 680,990 |

VANDERCOOK LAKE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

| | 2005 | | 2004 |
|--|------------------|-------------------------|------------------|
| | Budget | Actual | Actual |
| EXPENDITURES: (Continued.) | | | |
| INSTRUCTION - ADDED NEEDS: (Continued) | | | |
| Title I (Compensatory Education): | | | |
| Professional Salaries | \$ - | \$ - | \$ 18,009 |
| Non-professional Salaries | 62,500 | 60,807 | 52,732 |
| Insurances | - | - | - |
| FICA and retirement | 27,000 | 23,225 | 14,601 |
| Supplies and materials | - | - | 1,458 |
| Total Title I | <u>89,500</u> | <u>84,032</u> | <u>86,800</u> |
| Grant Programs: | | | |
| Purchased services | - | - | - |
| Supplies and materials | 500 | 18,371 | 36,501 |
| Total Grant Programs | <u>500</u> | <u>18,371</u> | <u>36,501</u> |
| TOTAL ADDED NEEDS | <u>1,185,700</u> | <u>1,190,300</u> | <u>1,188,716</u> |
| TOTAL INSTRUCTION | <u>6,554,860</u> | <u>6,622,635</u> | <u>6,324,975</u> |
| INSTRUCTIONAL SUPPORT SERVICES: | | | |
| Pupil Services: | | | |
| Guidance: | | | |
| Professional Salaries | 117,100 | 118,589 | 111,506 |
| Insurances | 29,000 | 29,255 | 26,465 |
| FICA and retirement | 26,500 | 26,371 | 23,015 |
| Other benefits | 150 | 102 | 155 |
| Purchased services | - | - | 6 |
| Supplies and materials | 1,800 | 1,624 | 1,606 |
| Total Guidance Services | <u>174,550</u> | <u>175,941</u> | <u>162,753</u> |
| Nursing: | | | |
| Non-professional salaries | 17,000 | 16,988 | 16,241 |
| FICA and retirement | 3,800 | 3,790 | 3,352 |
| Purchased services | 100 | 80 | 190 |
| Total Nursing Services | <u>\$ 20,900</u> | <u>\$ 20,858</u> | <u>\$ 19,783</u> |

VANDERCOOK LAKE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

| | 2005 | | 2004 |
|--|-------------------|--------------------------|-------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
| EXPENDITURES : (Continued) | | | |
| INSTRUCTIONAL SUPPORT SERVICES : (Continued) | | | |
| Pupil Services: (Continued) | | | |
| Social Worker: | | | |
| Professional salaries | \$ 57,951 | \$ 57,951 | \$ 56,815 |
| Insurances | 14,309 | 14,627 | 13,232 |
| FICA and retirement | - | 12,883 | 11,727 |
| Total Social Worker | <u>72,260</u> | <u>85,461</u> | <u>81,774</u> |
| School Liasion: | | | |
| Purchased services | <u>16,000</u> | <u>15,689</u> | <u>15,281</u> |
| Homeland Security Grant: | | | |
| Purchased services | <u>-</u> | <u>5,100</u> | <u>-</u> |
| Lunch and Playground Supervision: | | | |
| Non-professional salaries | 30,700 | 30,626 | 29,580 |
| FICA and retirement | 6,770 | 6,753 | 6,105 |
| Total Lunch and Playground Supervision | <u>37,470</u> | <u>37,379</u> | <u>35,685</u> |
| Total pupil services | <u>321,180</u> | <u>340,428</u> | <u>315,276</u> |
| Instructional Staff: | | | |
| Improvement of Instruction: | | | |
| Professional Salaries | 126,000 | 125,793 | 124,662 |
| FICA and retirement | 28,000 | 27,937 | 21,505 |
| Purchased services | 24,600 | 389 | 4,748 |
| Supplies | 400 | - | - |
| Total Improvement of Instruction | <u>\$ 179,000</u> | <u>\$ 154,119</u> | <u>\$ 150,915</u> |

VANDERCOOK LAKE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

| | 2005 | | 2004 |
|---|---------------|----------------------|---------------|
| | Budget | Actual | Actual |
| EXPENDITURES : (Continued) | | | |
| INSTRUCTIONAL SUPPORT SERVICES : (Continued) | | | |
| Educational Media Services: | | | |
| Professional Salaries | \$ 101,200 | \$ 101,074 | \$ 122,931 |
| Non-professional Salaries | 11,200 | 14,297 | 13,505 |
| Insurances | 56,000 | 59,759 | 54,664 |
| FICA and retirement | 25,000 | 25,653 | 22,861 |
| Other benefits | 100 | 85 | 136 |
| Purchased services | 800 | 701 | 1,435 |
| Supplies and materials | 5,900 | 5,819 | 5,214 |
| Total Educational Media Services | 200,200 | 207,388 | 220,746 |
| Total instructional staff support services | 379,200 | 361,507 | 371,661 |
| School Administration: | | | |
| Professional Salaries | 407,000 | 404,345 | 331,002 |
| Non-professional Salaries | 135,100 | 134,912 | 141,335 |
| Insurances | 124,000 | 121,324 | 105,799 |
| FICA and retirement | 109,000 | 108,628 | 86,814 |
| Other benefits | 2,500 | 2,222 | 1,296 |
| Purchased services | 3,600 | 3,560 | 4,180 |
| Supplies and materials | 5,500 | 3,170 | 1,028 |
| Other | 10,200 | 8,905 | 10,529 |
| Total School Administration | 796,900 | 787,066 | 681,983 |
| Total instructional support services | 1,497,280 | 1,489,001 | 1,368,920 |
| NON-INSTRUCTIONAL SUPPORT SERVICES : | | | |
| Board of Education: | | | |
| Non-professional Salaries | 3,000 | 2,700 | 2,700 |
| Purchased services | 23,500 | 24,347 | 28,337 |
| Other | 11,000 | 14,206 | 21,220 |
| Total Board of Education | \$ 37,500 | \$ 41,253 | \$ 52,257 |

VANDERCOOK LAKE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

| | 2005 | | 2004 |
|---|---------------|-------------------|---------------|
| | Budget | Actual | Actual |
| EXPENDITURES : (Continued) | | | |
| NON-INSTRUCTIONAL SUPPORT SERVICES : (Continued) | | | |
| Executive Administration: | | | |
| Professional Salaries | \$ 58,000 | \$ 82,351 | \$ 56,752 |
| Non-professional Salaries | 60,250 | 60,241 | 53,557 |
| Insurances | 30,000 | 29,740 | 21,148 |
| FICA and retirement | 25,500 | 25,157 | 21,956 |
| Other benefits | 100 | 81 | 123 |
| Purchased services | 9,100 | 9,216 | 5,406 |
| Supplies and materials | 2,400 | 2,375 | 4,174 |
| Other | 8,000 | 8,276 | 5,631 |
| Total Executive Administration | 193,350 | 217,437 | 168,747 |
| Business Services: | | | |
| Professional Salaries | 44,300 | 44,275 | 42,179 |
| Non-professional Salaries | 49,300 | 49,288 | 43,819 |
| Insurances | 18,000 | 18,911 | 17,304 |
| FICA and retirement | 20,500 | 20,345 | 17,638 |
| Other benefits | 150 | 11,100 | 23,142 |
| Purchased services | 56,100 | 56,690 | 52,112 |
| Supplies and materials | - | - | - |
| Other | 5,300 | 5,002 | 13,724 |
| Total Business Services | 193,650 | 205,611 | 209,918 |
| Operations and Maintenance: | | | |
| Non-professional Salaries | 315,000 | 315,080 | 294,829 |
| Insurances | 136,000 | 135,945 | 129,277 |
| FICA and retirement | 69,000 | 69,309 | 59,280 |
| Other benefits | 2,000 | 1,712 | 3,626 |
| Purchased services | 322,000 | 339,111 | 322,902 |
| Supplies and materials | 55,100 | 55,294 | 54,452 |
| Other | 100 | - | 135 |
| Total Operation and Maintenance | \$ 899,200 | \$ 916,451 | \$ 864,501 |

VANDERCOOK LAKE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

| | 2005 | | 2004 |
|---|----------------------|-----------------------------|----------------------|
| | Budget | Actual | Actual |
| EXPENDITURES : (Continued) | | | |
| NON-INSTRUCTIONAL SUPPORT SERVICES : (Continued) | | | |
| Pupil Transportation Services: | | | |
| Non-professional Salaries | \$ 84,000 | \$ 83,721 | \$ 81,026 |
| Insurances | 10,300 | 10,177 | 8,001 |
| FICA and retirement | 18,900 | 18,753 | 16,670 |
| Other benefits | 650 | 619 | 1,164 |
| Purchased services | 13,000 | 14,207 | 15,912 |
| Supplies and materials | 13,000 | 21,342 | 17,556 |
| Other | - | - | - |
| Total Pupil Transportation Services | <u>139,850</u> | <u>148,819</u> | <u>140,329</u> |
| Total Non-Instructional Support Services | <u>1,463,550</u> | <u>1,529,571</u> | <u>1,435,752</u> |
| COMMUNITY SERVICES: | | | |
| Latchkey Program: | | | |
| Non-professional Salaries | 74,000 | 66,105 | 60,315 |
| FICA and retirement | 16,200 | 14,533 | 11,529 |
| Other benefits | - | 34 | 1,500 |
| Purchased services | - | - | 575 |
| Supplies | - | 3,173 | 2,259 |
| Total Community Service | <u>90,200</u> | <u>83,845</u> | <u>76,178</u> |
| CAPITAL OUTLAYS: | | | |
| Instruction: | | | |
| Elementary School (Townsend) | - | - | 14,664 |
| High School | 12,000 | 34,754 | - |
| Preschool (Michigan School Readiness Program) | - | - | - |
| Total instruction capital outlay | <u>12,000</u> | <u>34,754</u> | <u>14,664</u> |
| Instruction Support Services: | | | |
| School Administration | <u>\$ -</u> | <u>\$ 4,772</u> | <u>\$ 4,409</u> |

VANDERCOOK LAKE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

| | 2005 | | 2004 |
|---|---------------|---------------|---------------|
| | Budget | Actual | Actual |
| EXPENDITURES : (Continued) | | | |
| CAPITAL OUTLAYS: (Continued) | | | |
| Non-Instruction Support Services: | | | |
| Executive Administration | \$ 52,000 | \$ 11,407 | \$ 19,096 |
| Pupil transportation - Buses | - | - | 103,600 |
| Operations and Maintenance | - | 2,387 | 2,990 |
| Total non-instruction support services | 52,000 | 13,794 | 125,686 |
| Community Service: | | | |
| Latchkey | - | - | 1,653 |
| Total Capital Outlay | 64,000 | 53,320 | 146,412 |
| DEBT SERVICE: | | | |
| Bus note payments - Interest | - | 6,005 | 5,428 |
| Bus note payments - Principal | 71,000 | 64,899 | 38,550 |
| Total Debt Service | 71,000 | 70,904 | 43,978 |
| TOTAL EXPENDITURES | 9,669,890 | 9,778,372 | 9,352,237 |
| OUTGOING TRANSFERS AND OTHER TRANSACTIONS : | | | |
| Transfers Out: | | | |
| Athletics Fund | 183,000 | 185,652 | 176,493 |
| School Lunch Fund | - | - | - |
| Capital Projects Fund | 42,000 | 44,301 | 100,000 |
| Total Outgoing Transfers | 225,000 | 229,953 | 276,493 |
| Other Transactions: | | | |
| Payments on loans: | | | |
| Bus note payments - Interest | - | 6,005 | 5,428 |
| Bus note payments - Principal | 71,000 | 64,899 | 38,550 |
| Total Other Transactions | 71,000 | 70,904 | 43,978 |
| Total Outgoing Transfers and Other Transactions | 296,000 | 300,857 | 320,471 |
| TOTAL EXPENDITURES, OUTGOING TRANSFERS AND OTHER TRANSACTIONS | \$ 9,965,890 | \$ 10,079,229 | \$ 9,672,708 |

VANDERCOOK LAKE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005
(With comparative totals from the year ended June 30, 2004)

| | 2005 | | 2004 |
|---|---------------------|----------------------------|---------------------|
| | Budget | Actual | Actual |
| EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES, OUTGOING TRANSFERS AND OTHER TRANSACTIONS | \$ - | \$ 1,320 | \$ 119,847 |
| FUND BALANCE - BEGINNING | 1,728,599 | 1,728,599 | 1,608,752 |
| FUND BALANCE - ENDING | <u>\$ 1,728,599</u> | <u>\$ 1,729,919</u> | <u>\$ 1,728,599</u> |

SPECIAL REVENUE (SCHOOL SERVICE) FUNDS

School Service Funds are used to account for activities where there is a need to determine the results of operations. Vandercook Lake Public Schools uses School Service Funds to account for Interscholastic Athletics and Food Service operations.

The following statements of the School Service Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance - for both Athletics and Food Service - provide detailed information for each School Service Fund to assist in the analysis of their finances.

VANDERCOOK LAKE SCHOOL DISTRICT
ATHLETICS SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2005
(WITH COMPARATIVE TOTALS FROM JUNE 30, 2004)

| | <u>2005</u> | <u>2004</u> |
|--|-------------------|---------------------|
| <u>ASSETS</u> | | |
| Cash | \$ 400 | \$ 300 |
| Accounts receivable | - | - |
| Due from other funds | 826 | - |
| Due from other governments | - | - |
| Inventory | - | - |
| | <hr/> | <hr/> |
| Total assets | <u>\$ 1,226</u> | <u>\$ 300</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| Liabilities: | | |
| Accounts payable | \$ - | \$ - |
| Salaries payable | - | - |
| Due to other funds | - | 2,084 |
| Deferred revenue | - | - |
| Total liabilities | <hr/> - <hr/> | <hr/> 2,084 <hr/> |
| Fund balance: | | |
| Reserved | - | - |
| Unreserved | 1,226 | (1,784) |
| Total fund balance | <hr/> 1,226 <hr/> | <hr/> (1,784) <hr/> |
| | <hr/> | <hr/> |
| Total liabilities and fund balance | <u>\$ 1,226</u> | <u>\$ 300</u> |

VANDERCOOK LAKE SCHOOL DISTRICT
ATHLETICS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
(WITH COMPARATIVE TOTALS FROM JUNE 30, 2004)

| | 2005 | | 2004 |
|---|------------------|------------------------|-------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
| REVENUES: | | | |
| Local sources: | | | |
| Ticket sales and entry fees | \$ 49,300 | \$ 53,795 | \$ 39,637 |
| Food sales | - | - | - |
| Sales - Merchandise | - | - | - |
| Miscellaneous | - | 554 | 7,373 |
| Interest income | - | - | - |
| Total revenue from local sources | 49,300 | 54,349 | 47,010 |
| State sources | - | - | - |
| Federal sources | - | - | - |
| Incoming Transfers and Other Transactions: | | | |
| Transfer from General Fund | 181,441 | 185,652 | 176,493 |
| Total revenues | <u>230,741</u> | <u>240,001</u> | <u>223,503</u> |
| EXPENDITURES: | | | |
| Salaries - Non-professional | 136,440 | 139,476 | 135,355 |
| Insurances | - | - | - |
| FICA & Retirement | 31,001 | 29,041 | 26,206 |
| Other Benefits | - | 74 | 117 |
| Purchased services | 37,049 | 46,781 | 43,903 |
| Supplies and materials | 9,295 | 21,619 | 20,329 |
| Other Expenses - Miscellaneous | - | - | 90 |
| Total athletics expenditures | <u>213,785</u> | <u>236,991</u> | <u>226,000</u> |
| Capital outlay | - | - | - |
| Total expenditures | <u>213,785</u> | <u>236,991</u> | <u>226,000</u> |
| EXCESS OF REVENUES OVER (UNDER) | | | |
| EXPENDITURES | 16,956 | 3,010 | (2,497) |
| FUND BALANCE - July 1 | <u>713</u> | <u>(1,784)</u> | <u>713</u> |
| FUND BALANCE - June 30 | <u>\$ 17,669</u> | <u>\$ 1,226</u> | <u>\$ (1,784)</u> |

VANDERCOOK LAKE SCHOOL DISTRICT
FOOD SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2005
(WITH COMPARATIVE TOTALS FROM JUNE 30, 2004)

| | <u>2005</u> | <u>2004</u> |
|--|-------------------------|-------------------------|
| <u>ASSETS</u> | | |
| Cash | \$ 25,864 | \$ 25,948 |
| Accounts receivable | - | - |
| Due from other funds | 1,908 | 1,820 |
| Due from other governments | 3,818 | 3,641 |
| Inventory | <u>5,179</u> | <u>5,671</u> |
| Total assets | <u><u>\$ 36,769</u></u> | <u><u>\$ 37,080</u></u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| Liabilities: | | |
| Accounts payable | \$ - | \$ 708 |
| Salaries payable | 2,400 | 2,770 |
| Due to other funds | - | - |
| Deferred revenue | <u>-</u> | <u>-</u> |
| Total liabilities | <u><u>2,400</u></u> | <u><u>3,478</u></u> |
| Fund balance: | | |
| Reserved | 5,179 | 5,671 |
| Unreserved | <u>29,190</u> | <u>27,931</u> |
| Total fund balance | <u><u>34,369</u></u> | <u><u>33,602</u></u> |
| Total liabilities and fund balance | <u><u>\$ 36,769</u></u> | <u><u>\$ 37,080</u></u> |

VANDERCOOK LAKE SCHOOL DISTRICT
FOOD SERVICE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005
(WITH COMPARATIVE TOTALS FROM JUNE 30, 2004)

| | 2005 | | 2004 |
|---|------------------|-------------------------|------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
| REVENUES: | | | |
| Local sources: | | | |
| Ticket sales and entry fees | \$ - | \$ - | \$ - |
| Food sales | 180,000 | 181,372 | 183,452 |
| Sales - Merchandise | - | - | - |
| Miscellaneous | 3,000 | 1,453 | 1,445 |
| Interest income | - | - | - |
| Total revenue from local sources | 183,000 | 182,825 | 184,897 |
| State sources | 24,000 | 24,270 | 22,683 |
| Federal sources | 225,000 | 221,807 | 213,106 |
| Incoming Transfers and Other Transactions: | | | |
| Transfer from General Fund | - | - | - |
| Total revenues | <u>432,000</u> | <u>428,902</u> | <u>420,686</u> |
| EXPENDITURES: | | | |
| Salaries - Non-professional | 152,000 | 151,665 | 146,711 |
| Insurances | 14,000 | 14,178 | 13,677 |
| FICA & Retirement | 33,000 | 32,538 | 28,792 |
| Other Benefits | 1,500 | 1,343 | - |
| Purchased Services | 14,000 | 13,385 | 19,823 |
| Supplies and Materials | 210,000 | 206,216 | 197,697 |
| Other Expenses - Miscellaneous | 500 | 2,489 | 4,005 |
| Total Food Services expenditures | 425,000 | 421,814 | 410,705 |
| Capital outlay | 7,000 | 6,321 | - |
| Total expenditures | <u>432,000</u> | <u>428,135</u> | <u>410,705</u> |
| EXCESS OF REVENUES OVER (UNDER) | | | |
| EXPENDITURES | - | 767 | 9,981 |
| FUND BALANCE - July 1 | <u>33,602</u> | <u>33,602</u> | <u>23,621</u> |
| FUND BALANCE - June 30 | <u>\$ 33,602</u> | <u>\$ 34,369</u> | <u>\$ 33,602</u> |

DEBT SERVICE FUND FINANCIAL STATEMENTS

The receipt of funds for the payment of interest, principal, and other expenses on long-term bonded debt are recorded in the Debt Service Fund. Primary sources of revenue for this fund is debt retirement property tax levies, restricted state aid, and interest earned on the investment of surplus funds.

The following statements of the Debt Service Fund - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance - provide additional detail to assist in the analysis of the Fund's finances.

VANDERCOOK LAKE SCHOOL DISTRICT
DEBT RETIREMENT FUNDS
BALANCE SHEET
JUNE 30, 2005
(WITH COMPARATIVE TOTALS FROM JUNE 30, 2004)

| | <u>2005</u> | <u>2004</u> |
|---|------------------|-------------------|
| <u>ASSETS</u> | | |
| Cash and cash equivalents | \$ 4,006 | \$ 108,683 |
| Interest receivable | - | - |
| Taxes receivable | 125 | 736 |
| Due from other funds | 55,183 | 221,635 |
| Due from other governments | - | - |
| | <u>-</u> | <u>-</u> |
| Total assets | <u>\$ 59,314</u> | <u>\$ 331,054</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| Liabilities: | | |
| Accounts payable | \$ - | \$ - |
| Matured interest payable | - | - |
| | <u>-</u> | <u>-</u> |
| Total liabilities | <u>-</u> | <u>-</u> |
| Fund Balance: | | |
| Fund balance - Reserved | <u>59,314</u> | <u>331,054</u> |
| Total liabilities and fund balance | <u>\$ 59,314</u> | <u>\$ 331,054</u> |

VANDERCOOK LAKE SCHOOL DISTRICT
DEBT RETIREMENT FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2005
(WITH COMPARATIVE TOTALS FROM JUNE 30, 2004)

| | <u>2005</u> | <u>2004</u> |
|---|--------------------------------|---------------------------------|
| REVENUES: | | |
| Revenue from local sources: | | |
| Property tax | \$ 421,104 | \$ 414,381 |
| Industrial facilities tax | 5,476 | 5,973 |
| Penalties and interest on delinquent taxes | 5,039 | 1,614 |
| Total taxes | <u>431,619</u> | <u>421,968</u> |
| Interest income | 318 | 2,180 |
| Other | <u>-</u> | <u>-</u> |
| Total revenues from local sources | <u>431,937</u> | <u>424,148</u> |
| Revenue from state sources: | | |
| State Aid - Durant debt service | - | - |
| Other transactions: | | |
| Proceeds from long-term debt | <u>4,815,000</u> | <u>-</u> |
| Total revenues | <u>5,246,937</u> | <u>424,148</u> |
| EXPENDITURES: | | |
| Debt Service: | | |
| Redemption on principal | 180,000 | 110,000 |
| Interest on debt | 141,692 | 284,697 |
| Miscellaneous expense | 412 | 781 |
| Total debt service expenditures | <u>322,104</u> | <u>395,478</u> |
| Other Transactions: | | |
| Payment to refunded bond paying agent | 5,100,474 | - |
| Bond issuance costs | 96,099 | - |
| Total other transactions | <u>5,196,573</u> | <u>-</u> |
| Total expenditures | <u>5,518,677</u> | <u>395,478</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (271,740) | 28,670 |
| FUND BALANCE - July 1 | <u>331,054</u> | <u>302,384</u> |
| FUND BALANCE - June 30 | <u><u>\$ 59,314</u></u> | <u><u>\$ 331,054</u></u> |

CAPITAL PROJECTS FUND FINANCIAL STATEMENTS

Capital Projects Funds are used to account for receipt and disbursement of monies used for the acquisition of capital assets. Vandercook Lake Public Schools maintains one such fund.

Capital Projects Fund - This fund was established by Vandercook Lake Public Schools for the purpose of funding capital outlays and major, nonrecurring repairs.

The following statements of the Capital Projects Fund - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance - provide additional detail to assist in the analysis of the Fund's finances.

VANDERCOOK LAKE PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
BALANCE SHEET
JUNE 30, 2005
(With comparative totals from June 30, 2004)

| | <u>2005</u> | <u>2004</u> |
|--|---------------|-------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 46 | \$ 46 |
| Investments | - | - |
| Due from other funds | - | 100,000 |
| | <u>-</u> | <u>100,000</u> |
| Total assets | <u>\$ 46</u> | <u>\$ 100,046</u> |
| LIABILITIES AND FUND EQUITY | | |
| Liabilities: | | |
| Due to other funds | \$ - | \$ - |
| Accounts payable | - | 17,208 |
| Total liabilities | <u>-</u> | <u>17,208</u> |
| FUND EQUITY | <u>46</u> | <u>82,838</u> |
| Total liabilities and fund equity | <u>\$ 46</u> | <u>\$ 100,046</u> |

VANDERCOOK LAKE PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2005
(With comparative totals for the year ended June 30, 2004)

| | <u>2005</u> | <u>2004</u> |
|---|-------------|-------------|
| REVENUES - | | |
| Local Sources - Interest income | \$ - | \$ - |
| OTHER FINANCING SOURCES: | | |
| Transfers in - General Fund | 44,301 | 100,000 |
| Total other financing sources | 44,301 | 100,000 |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | 44,301 | 100,000 |
| EXPENDITURES: | | |
| Non-Instructional Support- | | |
| Operations and Maintenance- | | |
| Repairs | - | - |
| Noncapital furniture and equipment | 4,820 | 17,208 |
| Total Operations and Maintenance | 4,820 | 17,208 |
| Capital Outlay- | | |
| Land acquisition | 14,043 | - |
| Professional services | - | - |
| Building improvements | 86,565 | - |
| Improvements other than buildings | 6,884 | - |
| Furniture and equipment | 14,781 | - |
| Total capital outlay | 122,273 | - |
| Miscellaneous: | | |
| Other | - | - |
| Total miscellaneous | - | 8 |
| Total Expenditures | 127,093 | 17,216 |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES | (82,792) | 82,784 |
| FUND BALANCE - BEGINNING | 82,838 | 54 |
| FUND BALANCE - ENDING | \$ 46 | \$ 82,838 |

FIDUCIARY FUND FINANCIAL STATEMENTS

STUDENT ACTIVITY AGENCY FUND

Agency funds are custodial in nature. They are used to report assets received and disbursed by student and other school groups. The District acts as a receiving and paying agent for these groups

Agency Funds do not generate revenue and expenditure transactions, as the District is not conducting operations. Consequently, this fund reports assets and liabilities; it does not report equity. The District has one Agency Fund, recording receipts and disbursements for various student and other school groups.

The following information - Balance Sheet and Schedule of Receipts and Disbursements - is presented to assist in the analysis of the volume of activity conducted by student and other school groups.

VANDERCOOK LAKE SCHOOL DISTRICT
FIDUCIARY FUND - STUDENT ACTIVITY FUND
BALANCE SHEET
JUNE 30, 2005
(WITH COMPARATIVE TOTALS FROM JUNE 30, 2004)

ASSETS

| | <u>2005</u> | <u>2004</u> |
|----------------------|--------------------------|-------------------|
| Cash | \$ 97,631 | \$ 96,334 |
| Accounts Receivable | - | 97 |
| Due from other funds | 12,845 | 25,312 |
| Total Assets | <u>\$ 110,476</u> | <u>\$ 121,743</u> |

LIABILITIES

| | | |
|-----------------------|--------------------------|-------------------|
| Due to other funds | \$ 17,109 | \$ 2,693 |
| Due to student groups | 93,367 | 119,050 |
| Total Liabilities | <u>\$ 110,476</u> | <u>\$ 121,743</u> |

VANDERCOOK LAKE SCHOOL DISTRICT
FUDUCIARY FUND - STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS BY ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2005

| | BALANCE 06/30/04 | DEPOSITS | CHECKS | BALANCE 06/30/05 |
|------------------------------------|---------------------|------------|--------------|---------------------|
| Assets: | | | | |
| Cash - Checking | \$ 96,334 | \$ 635,858 | \$ (634,561) | \$ 97,631 |
| Accounts Receivable | 97 | (97) | - | - |
| Due From Other Funds: | | | | |
| Due from General Fund (June Bills) | 23,228 | (10,383) | - | 12,845 |
| McDevitt Child Care (General) | - | - | - | - |
| Due from Athletics | 2,084 | (2,084) | - | - |
| Total due from other funds | 25,312 | (12,467) | - | 12,845 |
| Total assets | \$ 121,743 | \$ 623,294 | \$ (634,561) | \$ 110,476 |
| Liabilities: | | | | |
| Due to Other Funds : | | | | |
| McDevitt Child Care (General) | \$ 2,693 | \$ 101,291 | \$ 87,701 | \$ 16,283 |
| Due to Athletics | - | 69,465 | 68,639 | 826 |
| | 2,693 | 170,756 | 156,340 | 17,109 |
| Due To Other Groups: | | | | |
| All Purpose | 31,622 | 131,162 | 145,075 | 17,709 |
| Art Club | - | - | - | - |
| Athletic Boosters | 3,421 | 75,325 | 63,952 | 14,794 |
| Baseball | 417 | 1,522 | 1,671 | 268 |
| Basketball | (835) | 5,714 | 4,025 | 854 |
| Cafeteria | 214 | 791 | 205 | 800 |
| Cheerleading | 905 | 5,933 | 6,224 | 614 |
| Class of 1961 | 344 | 100 | 100 | 344 |
| Class of 1999 | 590 | - | 590 | - |
| Class of 2000 | 65 | - | 65 | - |
| Class of 2001 | 1,064 | - | 1,064 | - |
| Class of 2002 | 132 | - | - | 132 |
| Class of 2003 | 877 | - | - | 877 |
| Class of 2004 | (194) | 194 | - | - |
| Class of 2005 | 2,215 | 290 | 1,536 | 969 |
| Subtotal - Carryforward | \$ 40,837 | \$ 221,031 | \$ 224,507 | \$ 37,361 |

VANDERCOOK LAKE SCHOOL DISTRICT
FUDUCIARY FUND - STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS BY ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2005

| | BALANCE 06/30/04 | DEPOSITS | CHECKS | BALANCE 06/30/05 |
|----------------------------------|---------------------|------------|------------|---------------------|
| Liabilities: (Continued) | | | | |
| Due To Other Groups: (Continued) | \$ 40,837 | \$ 221,031 | \$ 224,507 | \$ 37,361 |
| Class of 2006 | 1,403 | 5,507 | 4,625 | 2,285 |
| Class of 2007 | 712 | - | 162 | 550 |
| Class of 2008 | - | 2,963 | 1,944 | 1,019 |
| Eigth Grade | 586 | - | - | 586 |
| Seventh Grade | 600 | - | 50 | 550 |
| Sixth Grade | 416 | 798 | 474 | 740 |
| Coaches | 569 | 2,304 | 2,680 | 193 |
| Dramatics | 192 | 5,408 | 3,812 | 1,788 |
| Elementary (PTO) | 19,993 | 41,817 | 53,671 | 8,139 |
| FAIM-Parent Middle School | 487 | - | - | 487 |
| Football | 2,822 | 14,772 | 14,615 | 2,979 |
| Youth Football | 10,142 | 9,673 | 15,703 | 4,112 |
| Girls' Basketball | 3,477 | 3,543 | 3,025 | 3,995 |
| Golf | 327 | 964 | 777 | 514 |
| High School Student Council | 1,922 | 7,402 | 8,037 | 1,287 |
| High School office | 57 | - | - | 57 |
| Honor Society | 85 | 582 | 1,078 | (411) |
| Jackson Community Foundation | 2,907 | 1,372 | 1,025 | 3,254 |
| Jayhawk Journal | (25) | - | - | (25) |
| Middle School Student Council | 2,825 | 8,870 | 10,705 | 990 |
| Multi-Cultural Club | 48 | - | - | 48 |
| Band | 1,008 | 290 | 1,200 | 98 |
| Music Boosters | 13,256 | 32,259 | 35,236 | 10,279 |
| Music Boosters Trip | 3,292 | 2,330 | 1,633 | 3,989 |
| Popcorn Machine | 100 | - | - | 100 |
| Quiz Bowl | 174 | - | 12 | 162 |
| Respect | 636 | 120 | - | 756 |
| Reviewer 04/05 | 70 | 2,621 | 1,924 | 767 |
| Revolving | 2,317 | 20,731 | 17,796 | 5,252 |
| Revolving-insurance | (3,572) | 27,536 | 27,244 | (3,280) |
| SADD | 300 | 9,584 | 9,601 | 283 |
| SADD - County Wide | - | - | - | - |
| Subtotal - Carryforward | \$ 107,963 | \$ 422,477 | \$ 441,536 | \$ 88,904 |

VANDERCOOK LAKE SCHOOL DISTRICT
FUDUCIARY FUND - STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS BY ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2005

| | BALANCE 06/30/04 | DEPOSITS | CHECKS | BALANCE 06/30/05 |
|----------------------------------|---------------------|------------|------------|---------------------|
| Liabilities: (Continued) | | | | |
| Due To Other Groups: (Continued) | \$ 107,963 | \$ 422,477 | \$ 441,536 | \$ 88,904 |
| Science | 660 | - | - | 660 |
| Industrial Arts | 162 | 75 | - | 237 |
| Softball | 243 | 1,382 | 3,565 | (1,940) |
| Spanish | 87 | 98 | 84 | 101 |
| Stand | 462 | 3,337 | 3,313 | 486 |
| Teacher Sunshine Fund | 244 | 312 | 250 | 306 |
| Townsend Student Council | 4,086 | 8,584 | 12,134 | 536 |
| Townsend Fifth Grade | - | - | - | - |
| Track | 1,240 | 7,401 | 7,695 | 946 |
| Video Yearbook | (10) | - | - | (10) |
| Vocal Music | 1,274 | 4,842 | 6,116 | - |
| Volleyball | 2,138 | 1,701 | 2,260 | 1,579 |
| Wrestling | (26) | - | - | (26) |
| Girls Track | 527 | 2,329 | 1,268 | 1,588 |
| Total Due To Other Groups | 119,050 | 452,538 | 478,221 | 93,367 |
| Total Liabilities | \$ 121,743 | \$ 623,294 | \$ 634,561 | \$ 110,476 |

ADDITIONAL INFORMATION

SCHEDULES

Tax Levy and Collection Recap - Summer 2004 Levy

2004 Refunding Bond Amortization Schedule

1997 Building and Site Bond Amortization Schedule

1998 School Improvement (*Durant*) Bond Amortization

VANDERCOOK LAKE PUBLIC SCHOOLS

TAX LEVY AND COLLECTION RECAP - SUMMER 2004 TAX LEVY FOR THE YEAR ENDED JUNE 30, 2005

| | <u>TAXABLE VALUE</u> | <u>MILLAGE RATE (Per \$1,000)</u> | <u>TOTAL LEVY</u> | <u>CURRENT COLLECTIONS</u> |
|---------------------------|--------------------------|---|-----------------------|--------------------------------|
| <u>General Operating:</u> | | | | |
| Non-homestead property | <u>\$ 30,160,564</u> | 17.3525 | <u>\$ 523,358</u> | <u>\$ 482,853</u> |
| <u>Debt Service:</u> | | | | |
| Homestead property | \$ 57,571,621 | | | |
| Non-homestead property | <u>30,160,564</u> | | | |
| Total levy | <u>\$ 87,732,185</u> | 4.8000 | <u>\$ 421,104</u> | <u>\$ 395,935</u> |
| Industrial Facilities Tax | <u>\$ 2,281,850</u> | 2.4000 | <u>\$ 5,476</u> | <u>\$ 5,476</u> |

Continued:

VANDERCOOK LAKE PUBLIC SCHOOLS

**TAX LEVY AND COLLECTION RECAP - SUMMER 2004 TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2005**

| DELINQUENTS PAID BY COUNTY | TOTAL | RECEIVABLE BALANCE |
|----------------------------------|-----------|-----------------------|
| \$ 40,053 | \$ 40,053 | #REF! |
| \$ 25,044 | \$ 25,044 | #REF! |
| \$ - | \$ - | #REF! |

VANDERCOOK LAKE PUBLIC SCHOOLS

2004 \$4,815,000 REFUNDING BONDS

| <u>PAYMENT</u> <u>DATE</u> | <u>INTEREST</u> <u>RATE</u> | <u>PRINCIPAL</u> <u>DUE</u> | <u>INTEREST</u> <u>DUE</u> | <u>TOTAL</u> <u>PAYMENT</u> | <u>FISCAL YR</u> <u>TOTAL</u> | <u>BALANCE</u> |
|-------------------------------|--------------------------------|--------------------------------|-------------------------------|--------------------------------|----------------------------------|-----------------|
| 08/31/04 | | | | | | \$ 4,815,000.00 |
| 05/01/05 | 2.000% | \$ 55,000.00 | \$ 120,592.05 | \$ 175,592.05 | \$ 175,592.05 | 4,760,000.00 |
| 11/01/05 | | - | 89,518.75 | 89,518.75 | | |
| 05/01/06 | 2.500% | 60,000.00 | 89,518.75 | 149,518.75 | 239,037.50 | 4,700,000.00 |
| 11/01/06 | | - | 88,768.75 | 88,768.75 | | |
| 05/01/07 | 2.500% | 220,000.00 | 88,768.75 | 308,768.75 | 397,537.50 | 4,480,000.00 |
| 11/01/07 | | - | 86,018.75 | 86,018.75 | | |
| 05/01/08 | 2.750% | 230,000.00 | 86,018.75 | 316,018.75 | 402,037.50 | 4,250,000.00 |
| 11/01/08 | | - | 82,856.25 | 82,856.25 | | |
| 05/01/09 | 3.000% | 240,000.00 | 82,856.25 | 322,856.25 | 405,712.50 | 4,010,000.00 |
| 11/01/09 | | - | 79,256.25 | 79,256.25 | | |
| 05/01/10 | 3.250% | 250,000.00 | 79,256.25 | 329,256.25 | 408,512.50 | 3,760,000.00 |
| 11/01/10 | | - | 75,193.75 | 75,193.75 | | |
| 05/01/11 | 3.500% | 255,000.00 | 75,193.75 | 330,193.75 | 405,387.50 | 3,505,000.00 |
| 11/01/11 | | - | 70,731.25 | 70,731.25 | | |
| 05/01/12 | 3.750% | 265,000.00 | 70,731.25 | 335,731.25 | 406,462.50 | 3,240,000.00 |
| 11/01/12 | | - | 65,762.50 | 65,762.50 | | |
| 05/01/13 | 3.600% | 275,000.00 | 65,762.50 | 340,762.50 | 406,525.00 | 2,965,000.00 |
| 11/01/13 | | - | 60,812.50 | 60,812.50 | | |
| 05/01/14 | 3.700% | 285,000.00 | 60,812.50 | 345,812.50 | 406,625.00 | 2,680,000.00 |
| 11/01/14 | | - | 55,540.00 | 55,540.00 | | |
| 05/01/15 | 3.850% | 295,000.00 | 55,540.00 | 350,540.00 | 406,080.00 | 2,385,000.00 |
| 11/01/15 | | - | 49,861.25 | 49,861.25 | | |
| 05/01/16 | 3.900% | 310,000.00 | 49,861.25 | 359,861.25 | 409,722.50 | 2,075,000.00 |
| 11/01/16 | | - | 43,816.25 | 43,816.25 | | |
| 05/01/17 | 4.000% | 320,000.00 | 43,816.25 | 363,816.25 | 407,632.50 | 1,755,000.00 |
| 11/01/17 | | - | 37,416.25 | 37,416.25 | | |
| 05/01/18 | 4.050% | 335,000.00 | 37,416.25 | 372,416.25 | 409,832.50 | 1,420,000.00 |
| 11/01/18 | | - | 30,632.50 | 30,632.50 | | |
| 05/01/19 | 4.150% | 345,000.00 | 30,632.50 | 375,632.50 | 406,265.00 | 1,075,000.00 |
| 11/01/19 | | - | 23,473.75 | 23,473.75 | | |
| 05/01/20 | 4.250% | 355,000.00 | 23,473.75 | 378,473.75 | 401,947.50 | 720,000.00 |
| 11/01/20 | | - | 15,930.00 | 15,930.00 | | |
| 05/01/21 | 4.400% | 360,000.00 | 15,930.00 | 375,930.00 | 391,860.00 | 360,000.00 |
| 11/01/21 | | - | 8,010.00 | 8,010.00 | | |
| 05/01/22 | 4.450% | 360,000.00 | 8,010.00 | 368,010.00 | 376,020.00 | - |
| | | <u>\$ 4,815,000.00</u> | <u>\$ 2,047,789.55</u> | <u>\$ 6,862,789.55</u> | <u>\$ 6,862,789.55</u> | |

VANDERCOOK LAKE PUBLIC SCHOOLS

1997 BUILDING & SITE \$5,495,000 BOND ISSUE (After 2004 Refunding)

| PAYMENT DATE | INTEREST RATE | PRINCIPAL DUE | INTEREST DUE | TOTAL PAYMENT | FISCAL YR. TOTAL | PRINCIPAL BALANCE |
|-----------------|------------------|------------------|-----------------|------------------|---------------------|----------------------|
| 08/31/04 | | | | | | \$ 270,000.00 |
| 11/01/04 | | - | \$ 10,800.00 | \$ 10,800.00 | | |
| 05/01/05 | 8.000% | 125,000.00 | 10,800.00 | 135,800.00 | \$ 146,600.00 | 145,000.00 |
| 11/01/05 | | - | 5,800.00 | 5,800.00 | | |
| 05/01/06 | 8.000% | 145,000.00 | 5,800.00 | 150,800.00 | 156,600.00 | - |
| | | \$ 270,000.00 | \$ 33,200.00 | \$ 303,200.00 | \$ 303,200.00 | |

VANDERCOOK LAKE PUBLIC SCHOOLS

1998 SCHOOL IMPROVEMENT BONDS (*DURANT* BONDS)

| PAYMENT DATE | INTEREST RATE | PRINCIPAL DUE | INTEREST DUE | TOTAL PAYMENT | PRINCIPAL BALANCE |
|-----------------|------------------|---------------------|---------------------|---------------------|----------------------|
| 05/15/04 | | | | | \$ 58,370.71 |
| 05/15/05 | 4.761% | \$ - | \$ - | \$ - | 58,370.71 |
| 05/15/06 | 4.761% | 20,923.46 | 9,353.77 | 30,277.23 | 37,447.25 |
| 05/15/07 | 4.761% | 4,631.95 | 1,783.00 | 6,414.95 | 32,815.30 |
| 05/15/08 | 4.761% | 4,853.66 | 1,562.45 | 6,416.11 | 27,961.64 |
| 05/15/09 | 4.761% | 5,084.81 | 1,331.35 | 6,416.16 | 22,876.83 |
| 05/15/10 | 4.761% | 5,326.67 | 1,089.25 | 6,415.92 | 17,550.16 |
| 05/15/11 | 4.761% | 5,580.39 | 835.62 | 6,416.01 | 11,969.77 |
| 05/15/12 | 4.761% | 5,845.76 | 569.92 | 6,415.68 | 6,124.01 |
| 05/15/13 | 4.761% | 6,124.01 | 291.60 | 6,415.61 | 0.00 |
| | | <u>\$ 58,370.71</u> | <u>\$ 16,816.96</u> | <u>\$ 75,187.67</u> | |

REQUIRED REPORT UNDER *GOVERNMENT AUDITING STANDARDS*

MARKOWSKI & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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MEMBERS:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

ESTATE PLANNING COUNCIL OF
SOUTH CENTRAL MICHIGAN

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

To the Board of Education
Vandercook Lake Public Schools
Jackson, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the remaining aggregate fund information of Vandercook Lake Public Schools, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 31, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

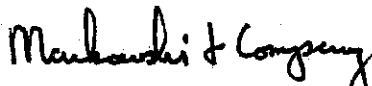
In planning and performing our audit, we considered Vandercook Lake Public Schools' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees within the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Vandercook Lake Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of Vandercook Lake Public Schools in a separate letter dated October 31, 2005.

This report is intended solely for the information and use of the Board of Education, its finance committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



MARKOWSKI & COMPANY CPAs
October 31, 2005

MARKOWSKI & COMPANY

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ESTATE PLANNING COUNCIL OF
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RONALD L. MARKOWSKI, C.P.A.
DOUGLAS E. ATKINS, C.P.A.

To the Board of Education
Vandercook Lake Public Schools
Jackson, Michigan

We have audited the general purpose financial statements of the **Vandercook Lake Public Schools** for the year ended June 30, 2005, and have issued our report thereon dated October 31, 2005. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated September 29, 2005, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the general purpose financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Vandercook Lake Public Schools. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Vandercook Lake Public Schools are described in Note A to the basic financial statements.

We noted no transactions entered into by Vandercook Lake Public Schools during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the general purpose financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the general purpose financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements is: management's estimate of the salvage value of fixed assets, and their useful lives. We evaluated the key factors and assumptions used to develop these estimates and determined that it is reasonable in relation to the financial statements taken as a whole.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Vandercook Lake Public Schools that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements. We proposed no audit adjustments that could, in our judgment, either individually or in the aggregate, have a significant effect on the Vandercook Lake Public Schools' financial reporting process.

We did assist with the preparation of entries to record accruals of receivables and payables (accounts payable and accrued benefits).

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the general purpose financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's general purpose financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

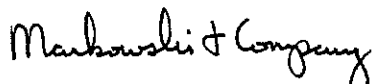
We encountered no significant difficulties in dealing with management in performing our audit. We were very pleased with the cooperation of the administrative staff. Diane Riedel, Mary Sharp and Dawn Bitner were very helpful during our audit.

Comments and Recommendations

Our reports on internal control and compliance revealed no findings, questioned costs, or material weaknesses in internal control. We have provided an update to our 2004 comments and recommendations on the following page.

This information is intended solely for the use of the Board of Education and management of Vandercook Lake Public Schools and should not be used for any other purpose

Sincerely,



MARKOWSKI & COMPANY CPAs

October 31, 2005

**ACCOUNTING MEMORANDUM
COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

The administrative staff has continually been improving efficiencies in the accounting processes. They have been very proactive regarding changes, and this attitude has been reflected in the excellent recordkeeping noted during our 2005 audit. The staff should be commended for these improvements.

As part of last year's audit, we encouraged the District to break the Athletics activity out of its Student Activity Fund, and maintain records in a separate Athletics Fund. We are pleased to report that staff has taken the steps necessary to implement this change. A planned conversion will take place as of November 30, 2005. This change will allow the Athletic Director and Board to better monitor the finances of this fund.

We would also like to point that the Board approved transfers sufficient to eliminate the deficit fund balance that existed June 30, 2004. Continued support from the Athletic Boosters and careful budget monitoring by athletic directors Chuck Miller and Les Essex have and will continue to allow the District to offer a variety of programs for the students at a minimal cost to the District's General Fund.